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AGRICULTURAL CONSERVATION

1936

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U. S. Department of Agriculture

A Report of the Activities of the Agricultural Adjustment Administration

Under the Provisions of the Agricultural Adjustment
Act, the Soil Conservation and Domestic Allotment
Act, and Related Legislation, from January 1, 1936,
through December 31, 1936



UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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LETTER OF TRANSMITTAL

UNITED STATES DEPARTMENT OF AGRICULTURE,

AGRICULTURAL ADJUSTMENT ADMINISTRATION,

Washington, D. C., June 15, 1937.

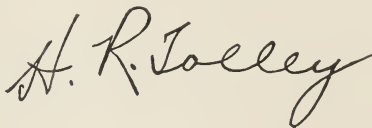
HON. HENRY A. WALLACE,

Secretary of Agriculture.

DEAR MR. SECRETARY: Herewith is transmitted the fourth report of measures taken by the Agricultural Adjustment Administration to further the economic improvement of agriculture, in accordance with the policies expressed by the Congress and under the provisions of the Agricultural Adjustment Act, the Soil Conservation and Domestic Allotment Act, and related legislation.

The report covers the activities of the Agricultural Adjustment Administration during the calendar year 1936, and reviews the shift in emphasis from emergency measures for alleviating the effect of tremendous surpluses, to long-time programs for the welfare of agriculture and especially for protecting and conserving the Nation's greatest natural resource, its soil.

Respectfully,

A handwritten signature in dark ink, reading "H. R. Tolley". The signature is written in a cursive style with a large, sweeping "H" and a long, trailing "y".

Administrator.



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FOREWORD

I. THE YEAR IN BRIEF

1936 was an eventful year in the history of the farmers' Nation-wide agricultural programs.

On the 6th day of January the United States Supreme Court, in the *Hoosac Mills* decision, invalidated the production-control and processing-tax provisions of the Agricultural Adjustment Act, and brought the farmers' program to a complete stop.

But instead of terminating the farmers' efforts permanently, the decision of the Supreme Court in the *Hoosac Mills case* had the effect of hastening a transition which had long been planned. This was the transition from the temporary emergency phase of the adjustment programs to a long-time phase which would give a larger place to soil conservation and improved farm-management practice.

Such a transition was originally planned by the Agricultural Adjustment Administration in late 1934 and early 1935. It was the subject of discussions with representatives of farmers, agricultural colleges, and extension workers in a series of regional conferences in 1935.

President Roosevelt in a statement on October 25, 1935, had announced the Administration's intention to shift the program to a long-time basis. Hence the *Hoosac Mills* decision, when it came, precipitated as a sudden change that which had been planned as a gradual one.

On February 29, 1936—less than 2 months after the Court's decision—Congress enacted a new law to replace the invalidated portions of the Adjustment Act. This new law was the Soil Conservation and Domestic Allotment Act.

Immediately upon provision by Congress of funds to carry it out, the Nation-wide soil-conservation program authorized by the new law was launched on March 20, 1936.

While putting this program into effect in all parts of the country as rapidly as possible, the Agricultural Adjustment Administration had to start work on a new and improved soil program for 1937. Meetings were held with farmers in communities and counties of many States, and recommendations were assembled for the 1937 plans.

Meanwhile the marketing agreement and surplus-removal programs affecting a variety of farm commodities were going forward. Also payments earned by farmers under the production-adjustment programs previous to January 6, 1936, were made from special funds appropriated for the purpose by Congress.

Operation of the 1936 program was complicated by the second great drought within 3 years, which early in the summer struck the western corn and hard-wheat belts and part of the cotton and tobacco belts of the South. Once more the farmers used their program to pool energies in combatting the effects of drought.

Taking place within the span of 12 months, these events made 1936 a year of remarkable activity for farmers cooperating with their Government.

The number of farmers taking part in the Agricultural Adjustment Administration program was at least equal to that in previous years and probably greater. Nearly 3 million applications were made for grants under the 1936 soil program. These represented around 4 million farms.

The upward trend in farm income which began in 1933 continued in 1936. Cash farm income was around \$8,100,000,000, or nearly double what it was in 1932. Gross farm income, including the value of products consumed on the farm, totaled around 9½ billion dollars.

The pages that follow contain a short summary of the legislative provisions under which the Agricultural Adjustment Administration operated in 1936, and a discussion of the farmers' program as it continues to evolve.

II. LEGISLATIVE PROVISIONS FOR ADJUSTMENT

The various programs carried on by the Agricultural Adjustment Administration are authorized in a number of related and complementary measures enacted by Congress.

The Agricultural Adjustment Act (Public, No. 10, 73d Cong.), approved May 12, 1933, provided along with other things for making benefit payments directly to producers of specified agricultural commodities, such payments being conditioned upon the agreement of these producers to adjust their production of the commodities concerned, and their fulfillment of these agreements. Benefit payments were financed from the proceeds of excise taxes levied upon the first domestic processing of the commodities.

When the United States Supreme Court, in the *Hoosac Mills case*, held the benefit-payment and processing-tax provisions of the Agricultural Adjustment Act to be unconstitutional, immediate steps were taken by the Agricultural Adjustment Administration to liquidate the production-adjustment programs that were in operation under the invalidated provisions of the act.

1. PROVISIONS NOT AFFECTED BY HOOSAC MILLS DECISION

Certain provisions of the Agricultural Adjustment Act were not affected by the decision of the Supreme Court, and the activities for which they provided have been continued under these and related legislative provisions.

The Agricultural Adjustment Act as amended authorizes the Secretary of Agriculture to enter into marketing agreements with producers, processors, and handlers of agricultural products. These agreements are designed to stabilize the economic conditions surrounding the marketing of the products specified in them and to improve returns to growers. Amendments enacted in 1935 specify conditions and commodities with regard to which the Secretary is empowered to issue marketing orders supplementing and enforcing marketing programs whether embodied in marketing agreements or not. These provisions were not included in the Supreme Court decision of January 6, 1936.

The Jones-Costigan amendments to the Agricultural Adjustment Act, approved May 9, 1934, authorizing the establishment of quotas

for importation and interstate shipments of sugar, likewise were not affected by the decision of the Supreme Court. On June 19, 1936, the quotas that had been established by the Secretary of Agriculture under these measures were ratified by Congress. (Public, Resolution No. 109, 74th Cong.)

Under section 32 of the act (Public, No. 320, 74th Cong.) "To Amend the Agricultural Adjustment Act and for other purposes" approved August 24, 1935, and amended February 29, 1936, there was appropriated for each fiscal year for the use of the Secretary of Agriculture an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the preceding calendar year, and the Secretary was authorized to use this sum: (1) To encourage the exportation of agricultural commodities and their products either by paying benefits in connection with such exportation or indemnities for losses incurred in such exportation or by making payments in connection with the production of that portion of a commodity required for domestic consumption; and (2) to reestablish farmers' purchasing power by making payments for the normal production of any agricultural commodity for domestic consumption.

2. REMOVAL OF PRICE-DEPRESSING SURPLUSES

This section and related legislation subsequently enacted provide money and authority for programs designed to remove price-depressing surpluses of agricultural products from the normal channels of trade. The surplus products may be distributed through relief agencies or diverted into new outlets and uses, either domestic or export. It was under this section that funds were provided for carrying out the cotton price-adjustment payment plan.

Authority and funds for a program of eradicating diseased cattle from beef and dairy herds were contained in the Jones-Connally Cattle Act, approved April 7, 1934. The appropriation for this program was contained in Public, Resolution No. 27, Seventy-third Congress, approved May 25, 1934. Additional appropriation for this work was contained in section 37 of Public, No. 320, Seventy-fourth Congress.

When the Supreme Court decision held the processing-tax provisions of the Agricultural Adjustment Act invalid, collection of these taxes was terminated. On February 11, 1936, there was approved the Supplemental Appropriation Act, fiscal year 1936 (Public, No. 440, 74th Cong.), which appropriated, for use by the Secretary of Agriculture, \$296,185,000 to meet obligations and commitments that had been incurred under the Agricultural Adjustment Act, including those to producers who had made adjustments in their production or planted acreage in anticipation of benefit payments under the abandoned adjustment-contract programs for the 1936 crop year. This appropriation also provided for payments to farmers who had made at least partial compliance with the terms of contracts entered into before January 6, 1936. Of this sum, \$30,000,000 was later transferred to be used in carrying out the 1936 agricultural conservation programs under the Soil Conservation and Domestic Allotment Act.

3. EXISTING LEGISLATION SUPPLEMENTED

Thus the Congress provided for carrying on activities under those provisions of the Agricultural Adjustment Act which had not been affected by the decisions of the Supreme Court.

By amending and supplementing the Soil Erosion Act of 1935, Congress provided for the new agricultural conservation programs. The new act was named the Soil Conservation and Domestic Allotment Act, and was approved February 29, 1936.

The act authorizes and directs the Secretary of Agriculture to designate the Agricultural Adjustment Administration to execute such powers conferred upon him by the amendments approved in 1936, as he deems it may appropriately execute. It also authorizes the appropriation of not more than \$500,000,000 annually, to carry out the provisions of the Agricultural Conservation programs launched under sections 7 or 8 of the act.

The Soil Erosion Act as approved April 27, 1935 (Public, No. 46, 74th Cong.), expressed the policy of Congress "to provide for the protection of land resources against soil erosion, and for other purposes." The amendments, approved February 29, 1936 (Public, No. 461, 74th Cong.), added the expression of the policy of Congress "to promote the conservation and profitable use of agricultural land resources."

Specifically, the amendments state that the policy and purposes of the act are: (1) Preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control; and (5) reestablishment, at as rapid a rate as the Secretary of Agriculture deems practicable and in the general public interest, of the ratio between the purchasing power of net income per person on farms and that of the net income per person not on farms, that prevailed during the 5-year period August 1909–July 1914, and the maintenance of this ratio.

4. EFFECTIVE DATE OF PART OF LEGISLATION IS DEFERRED

The Secretary of Agriculture is authorized, in order to effectuate the first four of the purposes listed, to make payments or grants directly to producers who voluntarily take measures designed to further these purposes. Amounts and rates of the grants are determined by: (1) Producers' treatment or use of their land for soil restoration or conservation or prevention of soil erosion; (2) changes in the use of their land; (3) that proportion of their normal production of designated agricultural commodities normally required for domestic consumption; and (4) by any combination of these factors.

The Soil Conservation and Domestic Allotment Act provides that grants of Federal funds or aid direct to producers shall be made only until January 1, 1938, and that thereafter grants in aid shall be made to States which adopt programs effectuating the five declared purposes of the act and set up agencies for administering these programs, the Secretary having approved the programs and the agencies.

Early in the first session of the Seventy-fifth Congress, there was introduced a joint resolution postponing the date for making grants through the States, from January 1, 1938, to January 1, 1942.

The act as it stands does not authorize direct grants for the purpose of reestablishing or maintaining the pre-war ratio of the purchasing power of farm and nonfarm incomes, the fifth purpose listed in the

legislation. Section 12, however, does authorize the Secretary of Agriculture to use money appropriated under the act for expanding domestic and foreign markets, seeking new or additional markets, or removing or disposing of surpluses of agricultural commodities or their products, whenever such measures tend to reestablish or maintain the pre-war ratio between the purchasing power of farm and of nonfarm income.

Under the authorization contained in the Soil Conservation and Domestic Allotment Act, the Independent Offices Appropriation Act, 1937 (Public, No. 479, 74th Cong.), approved March 19, 1936, appropriated \$440,000,000 to carry out the purposes of the Soil Conservation and Domestic Allotment Act for the first year. An additional sum of \$30,000,000 was made available for that purpose out of the \$296,185,000 appropriated to liquidate the adjustment-contract programs.

III. EVOLUTION OF THE FARMERS' PROGRAM

1. PLACE OF SOIL CONSERVATION IN LONG-TIME FARM POLICY

While the agricultural adjustment measures from their beginning in 1933 encouraged soil conservation as an important byproduct, the pressure of emergency in the 1933-35 period prevented this from being made a major aim. In 1936, however, as has been indicated above, soil conservation became a primary goal of the adjustment program; and soil conservation is now seen to be a foundation element of any sound long-time agricultural policy.

Methods practiced by American agriculture in the past have been wasteful of soil productivity. Exploitative land use has been encouraged by the periodic recurrence of excessively low farm prices, farm tenancy with short periods of tenure, and the casual attitude toward the soil held by many people of this country throughout most of its history.

PRODUCING CAPACITY OF LAND IMPAIRED

The crop-producing capacity of the Nation's farm land has already been much impaired. Continuous cropping with depleting crops and failure to replace depleted fertility have been prevalent, and average yields have been reduced. There has been much actual destruction of soil by erosion which has been hastened by the use of too great a proportion of clean-tilled and row crops and small grains.

Only about 30 percent of the land area of the United States is relatively free from erosion. The Soil Conservation Service estimates that about 50 million acres of formerly good cropland have been essentially destroyed by erosion insofar as crop production is concerned, and that at least three-fourths of the topsoil has been stripped from another 125 million acres, most of which is still in cultivation. This represents a tremendous loss of potential food and fiber supplies which were stored in the form of soil fertility. It also represents a serious impairment of the basis for profitable yields to farmers.

The pioneer method of maintaining the Nation's supply of farm products by moving agricultural operations from worn-out lands to

virgin soil farther west was no longer possible after the western frontier closed. With all good farm land now occupied, agriculture must "stay put" and must maintain farm production by conserving and rebuilding fertility of the soil. The effects of soil exploitation can no longer be ignored.

Some of our farm land has been so badly eroded and depleted of its fertility that to farm it means only poverty. On such submarginal lands there is a tremendous waste of human resources. Farming on such niggardly soil must be continuously subsidized to bring farmers above the poverty level, and Government funds in loans, relief expenditures, and adjustment payments have only postponed a solution of this problem. Such lands must eventually be withdrawn from farm production and used in ways that are more conserving and more useful, such as for forestry, grazing, recreational areas and wildlife refuges. To make this possible, the people now living on such land must find a source of livelihood elsewhere. Projects designed to convert agriculturally unproductive land into economic assets are being developed by other agencies of the Government. They attack problems that are social as well as agricultural.

LAND STILL PRODUCTIVE IS CHIEF CONCERN OF AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Agricultural Adjustment Administration is concerned chiefly, not with submarginal land, but with land above the margin, the good land on which most of our commercial farm production takes place. It is on such land that the Nation chiefly relies for a continuing source of food and fiber. Such land contributes the bulk of farm income. It is neither feasible nor desirable to withdraw supermarginal land permanently from general agricultural production. However, a utilization that is less wasteful of soil fertility should be encouraged. This involves a check upon the exploitative and too intensive methods of farming that have characterized the use of farm land in this country.

A less intensive method of cultivation means more grass and legumes which protect land from erosion and restore plant nutrients. It means a reduction in acreage of the cash crops which are soil depleting. In general and in the long run, grasses and legumes lower the cost of producing meat and milk. Over short periods of time, and for a single farmer, soil exploitation may apparently yield the largest cash returns. But it destroys the sources upon which the farmer relies for continuing profitable operation, and may also lower the income of farmers as a group by producing surpluses that reduce prices. Conservation farming which maintains the store of potential food and fiber in the soil also protects the investment in land, results in more profitable production, and entails less risk of drought losses.

FACTORS THAT ENCOURAGE EXPLOITATION

Most farmers are aware of the importance of maintaining soil productivity. However, it is necessary to offset the factors that force farmers to mine their soil. One of these factors has been the highly individualistic competition that has characterized farming. Because of their lack of any effective means of cooperating to limit the effects of competition, farmers in the past have been driven by falling prices into sacrificing everything else for sheer volume of

production—sacrificing field and range condition in a struggle for income regardless of price.

Under our system of short-lease tenancy, more than half the farmers in the United States have no long-time interest in the land they farm. There is little or no provision to compensate a tenant for maintaining and building soil fertility. Throughout the period 1920 to 1933, even farmers who had a long-time interest in the land were in many cases driven by their immediate needs to deplete their soil.

For these reasons, Government aid to make up for the farmer's immediate cash sacrifice is essential if the farmer is to participate in the conservation program.

THE CHANGING EMPHASIS IN ADJUSTMENT OPERATIONS

In the Nation's interrelated economy, it is the function of agriculture to provide adequate supplies of food and fiber. Agriculture as the custodian of the Nation's soil resources has the function of maintaining these resources. It is also the function of agriculture to buy the products of industry, and thus contribute to employment and business activity in the cities and towns.

There is a continual need for maintaining a proper balance among these functions, to prevent too much emphasis from being given to one at the expense of the other. It may be advisable to keep production from being intensified at the expense of soil resources and the farmers' returns. At the same time, the extent to which soil ought to be conserved by shifting to a less intensive cultivation may be influenced by the market's requirements for farm products.

Insofar as the Agricultural Adjustment Administration has been charged with the task of taking action for the welfare of agriculture, effort has been and is being made to restore and maintain the fertility of the soil, at the same time that consumers' needs are filled and farm income and purchasing power are maintained.

2. ADJUSTING SUPPLIES OF FARM PRODUCTS

While emphasis in the farmers' program during 1936 was placed upon soil conservation as a major objective, the need of keeping supplies of farm products in balance with domestic consumption and foreign markets continued.

Through 1936, production has been so balanced with consumption that farmers have been receiving remunerative prices. However, the balance that has prevailed has been due in part to such conditions as drought, a temporary factor not likely to maintain a balance over a long period. This country's potential capacity to produce still exceeds its present capacity to consume agricultural products at prices remunerative to farmers.

The maladjustments which resulted from the loss of our foreign outlets still affect agriculture. In view of a situation in which foreign outlets are much restricted, farmers still face a problem of adjusting an acreage which had been expended to meet an abnormal and temporary increase in farm exports.

FARM PRODUCTION ABOVE LEVEL OF NONFARM PRODUCTION

Despite an increase in factory production since 1932, and despite the drought, the level of farm production in 1936 was still above that of nonagricultural production. Farm production in 1936 was about 90 percent of the 1929 level and nonfarm production 81 percent. Prices of farm products were relatively lower than wholesale prices of industrial products, the former being about 77 percent and the latter 88 percent of their 1929 levels.

Heavy crop losses were caused by the 1936 drought. Excluding fruits, the 1936 harvested acreage was about 21 million acres less than that of 1935 and yields per acre were about 11.5 percent below the average for the years 1920-30 inclusive. As in 1934, adjustment operations in 1936 were directed toward maintaining and increasing production in areas afflicted by the drought.

The average per capita consumption of all agricultural products in the United States—whether measured in terms of pounds, calories, or acreages required—has remained remarkably stable during the past 15 years and, with the exception of cotton, has been well maintained even throughout the depression.

Farmers may produce a somewhat greater volume without suffering losses in prices as the purchasing power of nonfarm consumers, who are farmers' consumers, is increased. Increasing the income of urban families, particularly those in the lower-income groups, tends to eliminate major diet deficiencies and improve the dietary level of the Nation as a whole. To meet the requirements accompanying such improvement, a larger acreage of cropland or an increased average yield is required. It has been estimated that the aggregate quantity of food purchased by families in the lower-income group would be increased by at least one-fourth if their incomes were raised to \$150 per month and if one-third of this income were expended for food at present price levels. This would represent an increase, over the consumption that prevailed in 1920-29, of about 10 percent per person for all non-farm families. However, any improvement in the Nation's diet which would bring about larger acreage requirements depends on increased income rather than on an increased production which would bring farm prices down to low levels. The ample supplies and extremely low prices that prevailed in 1932 did not eliminate diet deficiencies.

SHARP INCREASE IN EXPORTS NOT IN PROSPECT

A sharp increase in agricultural exports is not an immediate prospect, although a gradual increase as world recovery progresses and as world trade barriers are relaxed seems probable. During the period 1920-24 this country exported the equivalent of the production from about 65 million acres. In 1930-34 exports equal to the production of some 45 million acres were sent abroad, and these were maintained only by extremely low prices for such products as cotton. For the immediate future it is not likely that farm exports from the United States will exceed this level.

WHAT CROP ACREAGE IS NEEDED?

Of the total area in farm land, which is about 1 billion acres, an average of about 365 million acres produced harvested crops prior to 1933. Most of the balance was in pasture. The farm program has

been concerned particularly with the intensively cultivated acreage, the area from which crops were harvested. In general the best land is selected for this purpose. Much of this acreage was used to produce those commodities of which there were surpluses prior to 1933.

With normal yields, what crop acreage is necessary to maintain long-time objectives for production?

In the 5-year period 1928-32, the Nation's crop acreage of cultivated farm land averaged 365 million acres, which was about 45 million acres more than the average for the 5-year period just preceding the World War. The increase in agricultural production for the past 25 years has about kept pace with the increase in population. However, there have been offsetting factors which made this crop acreage too large. Our export requirements decreased from nearly 65 million acres in the period 1920-24 to 45 million acres in the period 1930-34, and to about 32 million acres in the most recent 5-year period, 1932-36. In addition, the crop acreage needed for work stock declined from 76 million acres to 56 million acres in the same period, largely because of the replacement of animal power by tractors and the automobile.

The 1920-29 levels of per capita domestic consumption for food and fiber could be maintained on not more than 310 million crop acres. This allows for changes in population and for the feed grains and hay needed for work stock. The Soil Conservation and Domestic Allotment Act provides that nothing shall be done under the act to bring production down below the per capita consumption during the years 1920-29. With allowances made for prospective increases in foreign trade there is a surplus crop acreage at average yields.

CONTRIBUTION OF IMPORTS TO SUPPLIES

In 1936, a shortage of feedstuffs brought in an increased importation of feeds from other countries, and imports helped to offset the severe reduction in the supplies of feeds which farmers needed to prepare their livestock for markets, market their livestock products, and carry foundation stock through the drought. As compared with an average supply of farm-grown feed grains of about 113 million tons for the years 1928-32, the supply in 1936 approximated 77 million tons. The supply of hay was reduced to some extent and pastures generally yielded less.

However, imports of feeds made a relatively small contribution toward balancing off feed supplies with requirements. The 1936 production of 6 important grains, corn, wheat, oats, barley, rye, and flaxseed, was about 1 billion 800 million bushels short of the 1928-32 average. Imports of these grains in 1936 were only 66 million bushels above the 5-year average, offsetting only 3.6 percent of the 1936 loss in production. Other factors were more important. Livestock numbers had been reduced prior to the drought and feed requirements were lessened. On the other hand, supplies were increased by the increased use of feed crops that are capable of yielding nutrients in spite of drought. Prices of feeds were maintained at a high level during 1936.

The imports of feeds during 1936 cannot be regarded as a normal contribution toward this country's supplies.

EFFECT OF CONSERVATION PROGRAM ON PRODUCTION

The bulk of our agricultural land is used to produce livestock feed. With conservation farming more generally practiced, more grasses and legumes and less soil-depleting crops will be fed to livestock. Such a shift in feeding not only will be easier on the soil, but will generally produce meat and milk more cheaply than grains as feed will produce them.

A shift to grasses and legumes also has a temporary effect of curtailing total production, since they produce less nutrients per acre. The present soil program, which encourages such a shift, has some effect in restraining overproduction, although it would not be adequate to cope with an emergency surplus situation such as existed prior to 1933.

The shift to a greater reliance upon pasture for livestock feeding was retarded by the droughts of 1934 and 1936. While the 1936 soil program fostered an increase in pasture acreage and in improvement in pasture through the use of limestone and fertilizer, the expanded acreage was not accompanied by expanded production, because of the effects of drought. For next year this drought loss may be offset to some extent by supplementary seedings of annual pasture. However, in the range areas where grazing lands cannot be readily reseeded or supplemented by annual pastures, recovery will be slow. As compared with cultivated crops, pastures have been long neglected. With more care and attention, they will contribute more liberally to the supply of nutrients for livestock.

In the long run, however, better systems of soil management which check soil mining and restore fertility will increase the Nation's potential capacity to produce and give its production capacity a longer span. This will contribute to consumers' security, but the adjustment between production and supplies will then as now depend upon the extent to which we draw upon the potential capacity to produce.

ACREAGES EXPANDED AFTER PRODUCTION CONTROL WAS TERMINATED

Production adjustment is not the primary objective of the soil-conservation program and it was not to be expected that this program would provide farmers with facilities for keeping the Nation's production in line with requirements as did the production-control programs.

As prices advance there is usually a tendency to produce more with the ultimate result that prices are lowered. The production-adjustment programs acted as a check on this tendency for wheat, cotton, corn, tobacco, peanuts, sugar beets, and sugarcane. The planted acreages of these crops expanded after the production control programs were terminated early in 1936.

The seeded acreage of wheat for harvest in 1936 was over 6 percent larger than that of 1935, despite the fact that the spring wheat harvested in that year was seeded the year before when the production-adjustment program was in operation. As compared with 1935, the 1936 planted acreage of corn was 2 percent larger; of cotton, nearly 11 percent; of tobacco, 6 percent; peanuts, over 9 percent; rice, over 7 percent; and sugar beets nearly 6 percent. The planted acreage of corn, wheat, and cotton alone increased by nearly 10 million acres.

The tendency to expand production was obscured by the drought in 1936 and actual production did not increase to the extent that plantings increased.

3. PREPAREDNESS AGAINST DROUGHT

In the droughts of 1934 and 1936, dust storms took a tremendous toll in soil fertility, particularly in the areas of low rainfall in the Great Plains region. Such losses make preparedness against the effects of drought an important consideration in any soil program.

In areas of normally low rainfall, conservation of water supply is an important practice for stable agriculture. Row crops on steep slopes and bare land hasten the run-off of water, allowing little opportunity for the moisture to seep into the soil. Close-growing cover crops, such as the buffalo grass that once protected a large part of these regions, retard the run-off of water, contributing to a more efficient use of precipitation which is normally meager. Already, too much of this land has been put to the plow and exposed to water and wind erosion.

Wise land use—a system of farming which conserves soil and moisture—is the best defense against effects of drought. With an adequate store of fertility in the soil and with a reserve of moisture in the ground, crops will endure through long rainless periods. Crops planted on soil exhausted of fertility or worn thin by erosion, with little vegetative matter in the soil to hold moisture, are the first to wither and die when rains fail.

Some grasses and legumes which will provide feed for livestock have inherited resistance to drought through a long ancestry which adapted itself to arid regions. Both in 1934 and 1936, such crops frequently yielded some nutrients for livestock, where soil-depleting crops failed entirely, and in general, during the droughts the reduction in yields of these crops was much less than was the reduction in grain yields.

The building of an adequate defense against drought requires time. The conservation program, by conserving fertility and moisture, helps to assure yields even with adverse weather; it encourages close-growing cover crops which prevents loss of soil through wind and water erosion; and it encourages the soil-conserving crops which are drought-resistant.

The area which has suffered recurrent drought plays an important role in our economic order. In normal years it contributes heavily to the Nation's food supply and to the supply of raw material for industry. It has provided a livelihood for a large segment of our agricultural population and for many others who live in towns and cities in the area. There is no assurance against the recurrence of droughts in this region, but a contribution toward its agricultural security can be made by preparing a defense which will make the impact less disastrous when drought does come.

DROUGHT IS COSTLY PROCESS OF ADJUSTMENT

The view that the droughts of 1934 and 1936 were effective measures of production adjustment overlooks the terrific cost of such adjustment. The droughts did cut down surpluses and bolster up farm prices. But the drought adjustment was accomplished with a heavy

loss in soil fertility that cannot be replaced; with a loss of capital, such as foundation herds on which farmers relied for future farm income, with a loss of farm income in the drought regions; and with much human suffering. The drought might be viewed as an effective but certainly not an economic means of production adjustment.

In 1936, as in 1934, measures for temporary relief were effected through Government agencies.

Emergency provisions were made to protect farm income and prices and the source of future income; to prevent the demoralization of livestock prices which would result if markets were glutted by livestock rushed to market because of lack of feed; to increase feed supplies and make them better available to deficit regions; and to conserve supplies of adapted seeds so that there will be as little curtailment of the planned seedings as possible.

The need for emergency drought measures was not so acute in 1936 as in 1934. Farm programs of the 3 previous years had assisted in bringing about a better-balanced farming system in 1936. Livestock numbers were better adjusted to feed supplies and effective demand, and agriculture was not faced with the necessity of liquidating millions of head of livestock to increase the feed supplies per animal unit as was the case in 1934. Also, supplies of hay and forage had increased materially because of the emphasis placed on the production of legumes and grasses under the production-adjustment and soil-conservation programs.

Such emergency measures may be necessary in the future. The extent to which they will be necessary will depend largely on the extent to which an effective defense against drought is established.

4. ADAPTING THE PROGRAM TO INDIVIDUAL FARMS

The present soil-conservation program better allows for conditions peculiar to individual farms than did the production-adjustment programs in effect from 1933 to 1935. The production-adjustment programs provided payments for shifting from the production of specific products: Cotton, corn, wheat, hogs, tobacco, rice, sugarcane and sugar beets, and peanuts. These programs were not adapted to farms that did not produce the commodities for which programs were in effect. The agricultural conservation program applies to conditions that obtain on practically all farms.

Then, too, under the first production-adjustment programs, payments were made for percentage reductions that applied to all farms producing the commodity for which the program was in effect. Farmers were given a narrow range of choice in some of the programs, making it possible to decide the extent to which they were willing to reduce, between limits set in the program. Under the agricultural conservation program, farmers are given considerable latitude in selecting that type of change in farming practice which best fits the individual conditions on their farm.

DEVELOPMENT OF AGRICULTURAL PROGRAMS BY FARMERS

Increased flexibility has gone hand in hand with increased decentralization and the individual farmer has come more and more into the scene of agricultural policy, both as to planning and as to administration.

In 1936, committees of representative farmers in 2,400 counties worked out tentative over-all goals for agriculture in their counties. They studied their individual counties from the viewpoint of conservation and other long-time objectives and accumulated information which can become the background for an approach to long-time goals for each county. When these goals are adapted to individual farms and fitted into State, regional, and national plans, the basis is established for an action program that involves local adaptation, local participation, and greater voice in development and administration by local groups within a framework of coordination by a national agency.

Decentralization measures taken in 1936 included a new method of checking and auditing claims for grants in consideration of soil-conserving measures undertaken by farmers. In each State in the Southern, North Central, and Western divisions—32 States in all—there was established an Agricultural Adjustment Administration office from which various administrative activities were carried on. In these offices applications for grants, from producers in that State, were checked and preaudited by personnel under the supervision of the General Accounting Office. After preaudit, applications were forwarded to the nearest regional disbursing office of the United States Treasury where checks were made out and forwarded to the producers concerned. The effect of this change was to put more and more responsibility for checking, auditing, and disbursing in the hands of people near producers concerned and familiar with conditions in the area in which the programs were being carried out.

5. FARM RETURNS AND LONG-TIME INCOME OBJECTIVE

Farm income and soil conservation have an important relationship to each other. If the farmer is to maintain productivity for the future with an assurance that he will be rewarded with adequate prices for his crops, farm income needs to be adequate and relatively stable.

Likewise, reestablishment and maintenance of farm income depend to an important degree on preservation of a proper balance between intensively grown soil-depleting crops, which happen to include the cash crops such as corn and wheat and cotton most likely to be produced in excess of market demands, and the less intensively grown soil-conserving crops such as grasses and legumes which do not immediately contribute to unsalable or price-depressing surpluses.

In the production-adjustment programs of 1933-35, parity between prices of farm commodities and the commodities farmers buy was a principal objective. Under the Soil Conservation and Domestic Allotment Act this objective has been replaced by one which is somewhat broader and more flexible—parity of income.

As defined by the soil act, parity of income for agriculture means an income that will restore the pre-war ratio between purchasing power of net income for persons on farms and that of the income of those not on farms.

The authorization of \$500,000,000 a year under the Soil Conservation and Domestic Allotment Act was intended to help restore income parity for agriculture. By 1936 the per-capita farm income available for family living was about 22 percent short of the level of income of the rest of the population. For all agriculture, the disparity amounted to more than 1 billion dollars, and was only partly met by Government payments.

As indicated above, cash farm income in 1936 was approximately 8 billion 100 million dollars. This compared with 4 billion 400 million dollars in 1932. Gross farm income in 1936, including returns from farm products sold or to be sold, value of products consumed on the farm, and Government payments, was about 9 billion 500 million dollars, compared with 5 billion 300 million dollars in 1932.

PRICES CHIEF FACTOR IN INCOME ADVANCE

In general, the increase of 1936 income over that of 1935 may be attributed to increases in prices, since the 1936 volume of agricultural production was only 3 percent larger than that of the preceding year. Consumer purchasing power increased and the market was capable of taking more farm products at better prices. A sustained level of income among nonfarm consumers is an important factor in maintaining a good farm price level. Another factor toward higher farm prices in 1936 was the restriction that drought imposed on production.

For 1937, a further rise in consumer income is in prospect. However, resumption of normal farm production would bring a considerable price recession, and the threat of potential overproduction might make this recession very marked in 1937 or 1938. With normal yields on the entire available crop acreage, which might bring the volume of production back to the 1928-32 average, a sharp decline in agricultural prices would be possible. Increased volume of production might offset price declines so that total farm income would be sustained.

The average price of all groups of farm products in 1936 was 14 percent above the pre-war level. In 1935 it was 8 percent above. The advance in dairy prices, influenced by poor pasture conditions and the increasing cost of feed, and the advance in grain prices, also due to drought, contributed much of the increase in 1936 prices.

The exchange value of farm products also advanced during the year, although the average is still below the pre-war level. The 1936 average exchange value of farm products was 92 percent of pre-war as compared with 86 percent for the previous year and 61 percent in 1932. Although the prices of commodities the farmer sells have advanced materially during the past 4 years, the prices the farmer pays for commodities and services he uses in production and living still are higher, in relation to pre-war levels.

CONSUMERS BETTER ABLE TO PAY HIGHER PRICES

The advance in food prices accompanied an increase in consumers' ability to pay increased prices. As compared with 1929, the 1936 average earnings of employed workers can be exchanged for more food. Food in 1936 was relatively cheaper than the average of other items in the typical workers' cost-of-living budget.

Although the farmers' share of the consumer's dollar spent for food has increased above the share received in 1935 and in 1932, it is still below the share received in 1929. Of the 1936 expenditures by a typical city worker's family for 58 foods, about 56 percent was absorbed by transportation, processing, marketing, and distribution costs, leaving 44 percent as the farmers' share. The farmers' share was 42 percent in 1935, 33 percent in 1932, and 47 percent in 1929.

A further decrease in farm production might result in a further increase in farm prices, but probably would not bring about an increase in farm income, since the latter depends not only upon the price but upon the quantity marketed. There probably could be a moderate increase in production above that of 1936 without a decrease in farm income.

VALUE OF FARM EXPORTS

The value of farm exports in 1935-36 totaled \$766,000,000. This is about half the value of the exports in 1929 for a volume also about half that of 1929. The volume of 1935-36 farm exports was 26 percent less than that of 1932, but the value was about 30 percent greater.

6. FARM INCOME AND FARM TENANCY

Just as insecurity of farm tenure encourages exploitation of soil and threatens the source of farm income, so does inadequate farm income bring about insecurity of tenure and exploitation of soil. These three phases of agricultural distress are linked together in such a way that it is difficult to say just which is cause and which is effect.

The close relation between income and security of tenure was recognized by the Special Committee on Farm Tenancy in its report to the President. This report said in part:

It is abundantly clear that attacks upon the problem of farm security through changes in land tenure, credit facilities and the like will be inadequate unless agriculture is maintained in an equitable economic balance with other elements in our national life.

The Committee is convinced that to overlook the necessity of a broad and continuous national policy aimed at developing and maintaining agriculture on a plane of equality with other types of economic endeavor would be to neglect an essential of any program directed at ameliorating tenancy conditions * * * National policies aimed at maintaining the prices of agricultural products in proper relationship to the prices of other commodities are therefore essential.

Comparable in importance to favorable economic conditions for agriculture is stability in these conditions. If streams of income can be made to flow to and from agriculture in a stabilized as well as an equitable manner, we may expect fewer speculative land booms with their concomitant orgies of mortgaging, selling, buying, and remortgaging of farms and their subsequent costly and painful process of liquidation. Stability of general price levels is therefore of special significance in its bearing on the problems which this Committee has been instructed to consider.

Thus the problem of farm tenancy and insecurity of tenure is seen to be inextricably interwoven with the problems of increasing farm income and of preventing soil waste at which the programs of the Agricultural Adjustment Administration are aimed.

PROJECTS DEALING WITH TENANCY

Besides the conservation and other programs bearing indirectly on the tenancy question, the Agricultural Adjustment Administration is cooperating in several projects which touch the tenancy question directly. These projects are located in Minnesota, Iowa, Mississippi, Texas, Georgia, and Louisiana and are being carried on jointly by the Division of Program Planning of the Agricultural Adjustment Administration, the Bureau of Agricultural Economics, and the Agricultural Experiment Stations of the States concerned.

In these projects two general types of investigation are being carried on: (1) To determine the nature of leasing arrangements and the extent to which they bear on the adoption of desirable soil-conservation measures; and (2) to determine the effect of the agricultural conservation program on the status and income of sharecroppers and tenants and on their relations with landlords. The second of these is in accordance with a specific provision in the Soil Conservation and Domestic Allotment Act directing the Secretary of Agriculture, in effectuating the purposes of the act, to safeguard the welfare of the sharecropper and tenant groups.

These projects are expected to result in recommendations from the States in which they are located as to desirable modifications of the conservation program.

The Special Committee on Farm Tenancy recommended that in selected local areas consideration be given to trying the experiment of including improvements in leases among the conditions of payments under the Soil Conservation and Domestic Allotment Act. Thus far no such experiments have been started, mainly because data have been lacking as to just what improvements in leases might be required. However, this seems to offer a promising field for improvement of the conservation program, and constructive thinking on this subject by farmers in the different areas should result in real progress.

7. PROGRAMS AIMED AT MARKETING PROBLEMS

The soil-conservation program attacks the farm problem chiefly from the angle of production. Legislation administered by the Agricultural Adjustment Administration also provides assistance to farmers in meeting their marketing problems. Such problems involve the farmers' share of the consumers' dollar spent for food and fiber products; uniformity of returns to farm producers; increasing the amount of farm products that the markets will absorb at fair prices; disposal of surpluses in a manner that will not unduly depress the market; and the development of new, profitable uses for farm products.

MARKETING AGREEMENTS AND ORDERS

Marketing agreements and orders apply particularly to the marketing of dairy products and such special crops as fruits and vegetables. They are a culmination of marketing programs instituted by cooperating organizations of producers long before the Agricultural Adjustment Act went into effect. They supplement the earlier programs of producers with provisions of exemption from the antitrust laws and with provisions which tend to prevent minorities from obstructing the effects of the agreements. Orders are replacing licenses as a means of giving enforceability to the agreements.

The effective functioning of marketing agreements and orders is still limited by the fact that the courts have not yet recognized them as a practice firmly established in agriculture. Their usefulness will be greatly extended when the uncertainty of the judicial attitude is dissolved and when producers have acquired more experience with such mechanisms as a means of enabling farmers to attain a voice in the marketing of their products. In general, the operation of marketing agreements is smoothest where the experience is longest.

EXPANDING THE FARMERS' MARKET

The purchase and distribution of surplus agricultural commodities by the Agricultural Adjustment Administration contributes to a unified farm program provisions for maintaining and expanding the farmers' market. One phase of this program is the purchase of surplus agricultural commodities for distribution to the needy and unemployed. In this manner, price-depressing surpluses are removed from the ordinary channels of trade and consumption of farm products is increased among those consumers who lack purchasing power. Surplus-removal programs are instituted only after it has been ascertained that the removal of the surplus, or a portion of it, will have a substantially beneficial effect upon marketing conditions and that the programs will definitely encourage domestic consumption.

Another method of increasing the consumption of farm products is the employment of diversion programs designed to create new outlets and new uses for surplus agricultural products. These programs usually operate through agreements between industry groups and the Secretary of Agriculture. Under such an agreement, the industry group is authorized to obtain specified quantities of the surplus commodity involved at a stipulated price, and to divert this commodity to a new outlet or a new use. The difference between the cost of the commodity to the industry group, plus incidental handling charges, and the selling price for diversion purposes is paid from funds made available to the Secretary of Agriculture.

In addition to aiding and improving returns to producers, these programs have, in many instances, prevented waste of needed food supplies and have supplemented the efforts of farmers and handlers to improve marketing conditions under marketing-agreement programs. A number of diversion programs are now in operation, encouraging new uses of surplus farm products and opening up domestic and foreign markets. These programs include a wide variety of measures, such as increasing exports of flour to the Philippines, expanding exports of tobacco and winter pears, diverting substandard figs to byproduct uses, finding new uses for cotton, and diverting prunes to byproduct uses and to export markets.

SCOPE OF REMOVAL PROGRAMS LIMITED

As in the case of the marketing agreements and orders, the extent to which the surplus-removal programs can be put to practical use is limited. Unlike the marketing agreements they are not self-financing but depend upon Government funds. They cannot be relied upon to remove all the surpluses that unrestricted agricultural production would produce in years of favorable weather, nor are they feasible methods of expending farm outlets in a large way. However, they do serve as an effective supplement to other farm programs.

Government purchases have been used effectively not only to remove surpluses but to prevent wastes of needed food supplies. An illustration of this is the cattle-buying program carried on during the droughts of 1934 and 1936 when such a program made available for consumption meat from animals that otherwise would have died from starvation or thirst. Such purchases also have been used to conserve supplies needed by farmers to continue profitable farming operations. An example of this is the seed-grain purchase program in 1936, under which adapted varieties of seed were purchased through Government

assistance so as to make them available for planting in 1937. This tended to prevent excessive prices for seed in 1937.

COMMODITY LOANS

Under the Agricultural Adjustment Act and related legislation authority is granted to make loans on properly stored farm products. As will be mentioned later, such loans have been used in connection with a plan to carry over surplus corn into deficit years by storing it on the farm.

In 1936, the loans were used to conserve the supply of adapted seed corn, particularly with the view to preventing farmers from paying excessive prices for seed corn in 1937 because of the curtailment of the corn crop in 1936.

8. SPECIAL SUPPLEMENTARY PROGRAMS

There are in effect a number of programs which apply to the special problems of producers of a particular product. These include the programs for eradicating certain diseases among cattle, and the sugar-quota program.

There has been a considerable reduction in the number of livestock infected with bovine tuberculosis, Bang's disease, and mastitis. This reduction can be attributed largely to the disease-eradication program in which the Federal Government and the States cooperated. These programs have a distinct effect in promoting efficient farming, since the elimination of infected animals removes inefficient animals from the herd and reduces the cost of production. Another important result of these programs is the improvement in quality of livestock products sold to consumers.

Most of the sugar consumed in the United States is imported, and the sugar-quota program is designed to assure domestic producers of a fair share of the domestic market at fair prices. The quota provisions of the Agricultural Adjustment Act were not invalidated by the Supreme Court decision, although the production-control contracts with reference to sugar were discontinued as a result of the decision. The quota program has been helpful in maintaining sugar prices to producers in this country above world prices, despite the preponderant contribution of imports to domestic consumption.

9. CLOSING THE GAPS IN THE FARM PLAN

The recurrence of drought in 1936, coming as a sequel of the severe droughts of 1930 and 1934, emphasized the need of a national farm policy and a national farm program sufficiently broad to assure farm security under all sorts of conditions. In particular, the Nation needs to build permanent defenses for agriculture against two directly opposite kinds of hazard. One kind of hazard is the danger of price collapse resulting from production in excess of market demands. The other is the danger of shortage of marketable supplies resulting from crop failure.

Agriculture has been the victim of both types of disaster in the last few years. Individual farmers have found that either one seriously impairs their income and threatens the security of their families. The Nation has found that either one may impair national income and national security.

ADDITIONAL MEASURES CONSIDERED

The present conservation program goes part way toward stabilizing agricultural production and assuring farm security. It has elements of preparedness against both extremes of bumper crops and severe drought. Nevertheless this program can be effective only up to a certain point. Additional measures are needed to guard the Nation's supply of food and fiber and the farmers' incomes. No matter how well the acreage of the various crops may be balanced, man cannot control the weather. In the past, bumper crop years have often alternated with years of crop failure. Sometimes there have been a whole series of bumper crops, and again a whole series of crop failures. Instead of letting the farmers' business and the Nation's business be subject to such extreme ups and downs, it seems the part of common sense to store some of the crops produced in the bumper-crop years for use in the years of short crops. Also, it seems the part of common sense to make a start in the field of all-risk crop insurance.

Thus the logical next steps in developing a national farm program would be the supplementing of the conservation program with an ever-normal granary providing for storage of farm commodities and with machinery for crop insurance on an experimental basis.

Conceivably, one possible way of establishing an ever-normal granary would be through the use of crop insurance in kind. However, since it appears that for some time to come crop insurance by itself would not be sufficiently widespread to assure an ever-normal granary, a system of commodity loans probably would be needed to establish it.

Under the plans that have been under consideration, loans on staple farm commodities such as corn and wheat would be offered at some established level. These loans would have a double effect. They would assure the accumulation of reserve supplies of these commodities. They would also establish a level below which the prices received by farmers would not ordinarily go.

But, in order to assure that farmers and the entire Nation would not suffer from a repetition of what happened under the Federal Farm Board, some provision would have to be made for appropriate action when the granary begins to run over. It would be neither fair nor wise to make the farmers the victims of a policy carried on in the Nation's interest. Also, a financially sound policy, from the standpoint of the United States Treasury, would call for safeguards against price collapse so that the Government would not lose heavily on commodity loans in case prices should decline after they were made. Under such circumstances, then, provision should be made for storage of fertility in the soil to supplement storage of grain in the bin.

A third step that has been proposed to meet such an overflow situation is the modification of the conservation program to provide much more definitely than at present for influencing the acreage of certain crops. The conservation aspects of the program would not need to be weakened at all, but grants or contracts offered by the Government might be made contingent upon the adjustment of acreage of specific crops as well as upon the adoption of the conservation practices.

If supplies in the granaries increased too much, the level at which commodity loans were made probably should be lowered, so as to avoid the accumulation of greater quantities than were necessary or wise.

A combination of the conservation, commodity-loan, and crop-adjustment programs likely would suffice to take care of all ordinary situations arising. But if favorable weather should bring a series of bumper crop years, surpluses might accumulate in such quantity that all these measures put together would not keep farmers' prices from collapsing.

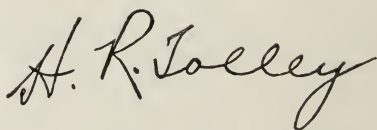
To meet that kind of emergency, there should be provision for a fourth type of program giving positive commodity control. Possibly the use of the taxing principle, as in the old Bankhead or Kerr-Smith Acts affecting cotton and tobacco, would be the answer.

APPLICATION WOULD BE VARIED FOR DIFFERENT COMMODITIES

Application of such a farm program would have to be varied to fit the various commodities. The four steps outlined would not necessarily be taken for each commodity in the order they have been given. In cotton, for example, the loan program might be the final step rather than the second one—otherwise cotton might be prevented from flowing freely into export trade.

This program could be dovetailed with any measures for rehabilitation of low-income farm families, buying of submarginal land, relief of farm tenancy, and various forms of farm credit. It would be to the interest of the Government to assure any farmers who borrow from the Government an opportunity to repay their loans through having markets for their produce at fair prices.

With provision for the program described, agriculture and the Nation would be constantly in a state of preparedness against disaster arising either from crop failure or price collapse, and would be in a position to go forward on a sound and healthy basis. Such a program, if operated sensibly and adapted to the varied situations that are sure to arise, should serve agriculture and the Nation for many years to come.

A handwritten signature in cursive script, reading "H. R. Tolley". The signature is written in dark ink and is positioned above the title "Administrator".

Administrator.

AGRICULTURAL CONSERVATION 1936

CHAPTER 1

THE AGRICULTURAL CONSERVATION PROGRAM IN 1936

In the past, sound, soil-conserving farming practices have been slighted in the effort to maintain or increase incomes through increasing production. Soils have been depleted, capital values wasted, and prices driven downward.

In part, the programs carried out under the Agricultural Adjustment Act in 1933-35 were designed to remedy this situation, but these programs were essentially commodity programs; and although they tended to check soil exploitation by raising incomes and by encouraging the shifting of land from intensive to extensive uses, agricultural conservation was incidental to production control. But the Soil Conservation and Domestic Allotment Act reverses this situation and makes Nation-wide agricultural conservation the primary objective.

Under the Agricultural Adjustment Act, attention was centered upon reducing the acreages in specified basic commodities in order to reduce or adjust supplies and improve or maintain prices. In working out a program under the Soil Conservation and Domestic Allotment Act, the changes in acreages and farming practices which are needed in the interest of agricultural conservation, and the effect of these changes upon internal farm organization and farm management, are the chief criteria; and acreages of specific crops are directly affected only as balanced cropping systems are adopted. The conservation program deals with the individual farm rather than with basic commodities as did production-adjustment programs under the Agricultural Adjustment Act.

As a result of this shift from the commodity to the farm or conservation approach, an entirely new set of problems is raised and regional adaptation of the program becomes more important. There appear such questions as what crops are soil-depleting and soil-conserving and to what extent; what practices are most needed; how the operation of the program can best be measured; and how the conservation program can be flexible enough to result in the economic use of land with the maximum degree of conservation in each area or region, while remaining simple enough to be administered at a reasonable cost.

These new problems involve regional differences in the agriculture of the United States.

I. CHARACTERISTICS AND PROBLEMS OF AGRICULTURAL REGIONS

If the objectives of the Soil Conservation and Domestic Allotment Act are to be realized, attention must be given to area and regional differences. The conditions under which grants are made, either for diversion of crops or adoption of soil-building practices, must fit the general type or types of farming prevailing in each region.

The commonly accepted agricultural regions are indicated on the accompanying map (fig. 1) and the distribution of agricultural land, crops, and livestock as among the several regions in table 1. Within

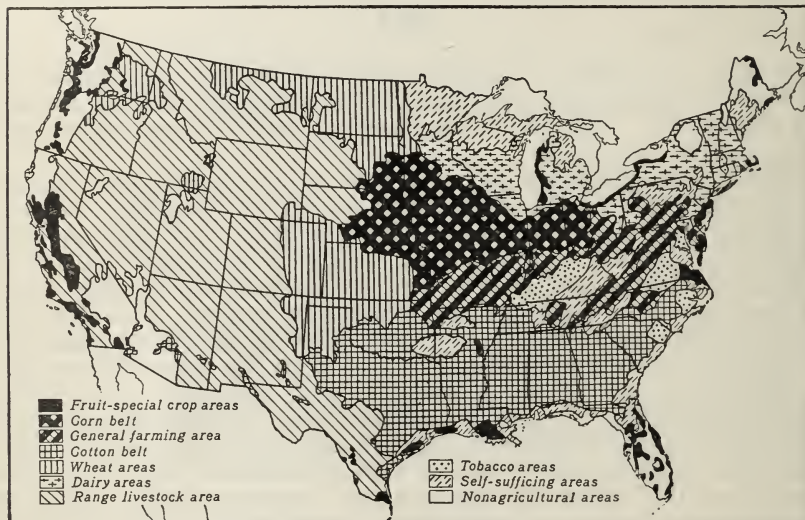


FIGURE 1.—Major type-of-farming regions in the United States. (Prepared in the Program Planning Division, Agricultural Adjustment Administration.)

each of these regions the systems of farming and the agricultural problems are usually similar.

The CORN BELT in the Midwest, the COTTON BELT in the South, the WHEAT and SMALL GRAINS REGIONS in the Great Plains and the Pacific Northwest, the GENERAL FARMING and TOBACCO REGIONS in the central and eastern sections, the RANGE LIVESTOCK REGION in the West, and the DAIRY REGION in the North Central and Northeast are concentrated and clearly defined. But the FRUIT, TRUCK, and SPECIAL CROPS, and the SELF-SUFFICING, FLATWOODS, and CUT-OVER REGIONS are made up of widely scattered small or medium-sized areas which tend to have similar problems, but which do not form a contiguous geographic region.

TABLE 1.—*Regional summary of agricultural statistics for the United States, 1930*

Item	United States total	Percentage of United States total in region specified								
		Corn Belt	Cotton Belt	Dairy	Wheat and small grains	General farming	Tobacco	Range livestock	Fruit, truck and special	Self-sufficing, etc.
	Thousands	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Farm population.....	30, 158	14	30	11	5	10	9	3	14	4
Value farm products dollars.....	10, 982, 036	22	17	13	9	7	5	5	21	1
Number of farms.....	6, 289	14	29	11	5	10	8	3	16	4
Land in farms..... acres.....	987, 579	15	16	8	16	7	4	18	14	2
Pasture land—total.....do.....	464, 292	9	11	7	15	6	2	36	13	1
Cropland—total.....do.....	413, 707	24	18	9	20	7	4	6	11	1
Cropland harvested.....do.....	359, 709	26	18	9	20	6	4	5	11	1
Corn acreage.....do.....	97, 802	43	17	6	8	9	5	3	7	2
Wheat acreage.....do.....	62, 044	14	3	3	61	6	1	5	7	(1)
Oats acreage.....do.....	33, 476	54	4	15	11	5	(1)	3	8	(1)
All hay acreage.....do.....	67, 879	23	4	22	10	10	3	10	17	1
Cotton acreage.....do.....	43, 227	-----	84	(1)	1	1	5	4	4	1
Tobacco acreage.....do.....	1, 888	2	1	22	(1)	8	82	(1)	4	2
Potato acreage.....do.....	2, 944	11	4	23	6	8	2	3	41	2
Commercial truck.....do.....	2, 812	10	11	14	1	9	4	2	48	1
Fruits and nuts.....do.....	6, 086	5	9	10	1	12	3	1	56	3
All cattle.....	63, 863	22	12	16	10	8	3	13	15	1
Cows milked.....	20, 499	21	13	25	7	9	3	3	17	2
Swine on Apr. 1.....	56, 393	54	10	7	6	7	4	3	8	1
Chickens.....	379, 064	28	13	13	6	13	4	3	18	2
Sheep and lambs.....	56, 877	12	3	5	11	7	3	44	14	(1)
Horses and mules.....	17, 611	23	22	10	11	8	5	7	12	2

¹ Less than 1 percent.

CLIMATE AND ECONOMIC FACTORS DETERMINE REGIONS

This geographic distribution of agricultural production and of types of farming in the United States results from broad physical differences in climate, surface conditions, and soil, and from general economic differences in transportation, markets, and urban development. Soil, climate, and topography determine the absolute limits of crop production and influence the combination in which the various crops are grown. But prices received and costs and methods of production are influenced by a wide range of economic factors.

Wheat production, for example, is especially important on the Great Plains and in the semiarid section of the Pacific Northwest, because wheat does reasonably well under the soil and climatic conditions which exist in these areas and because wheat is a concentrated product which can be transported long distances at a relatively low cost. Corn is produced on the rich soils of the Midwest where rainfall and temperature conditions are especially favorable to corn, while cotton and tobacco production is located by favorable physical factors and by the relatively large supply of cheap labor available in the South. Growing range livestock is the only economical method of utilizing the native forage on much of the semiarid West. The dairy region is located in the Northeast because the cool climate is more favorable to hay and pasture than to grain crops, and because the great urban centers of population are nearby so that transportation and marketing costs are minimized. Fruit and vegetable production is located either very close

to urban markets or in certain small areas where climatic conditions are favorable enough to offset the distance from markets and the increased transportation costs involved. Self-sufficing farming is usually found in rough or cut-over areas where only a small percentage of the land is tillable, where yields are low, and where means of communication are relatively limited.

Systems of farming usually change gradually between one area or region and another, so that the several regions tend to overlap. Furthermore, the Corn Belt obtains feeder cattle and some sheep from the range region, while it ships feed grains to the East, West, and South. Butterfat prices in the Corn Belt affect fluid-milk prices in the Northeast; lard produced from midwestern hogs is sold in direct competition with vegetable-oil shortenings manufactured from southern cottonseed; and vegetables produced in such widely separated areas as the Northeast, the Gulf Coast, and the Southwest supplement and compete with each other and thus provide American consumers with fresh vegetables the year round.

PROGRAMS RECOGNIZE REGIONAL DIFFERENCES

The Agricultural Adjustment Administration has endeavored to recognize the differences between the several regions, and the variations within each region, both in formulation and in administration of the agricultural conservation program. In its general planning activities, the Agricultural Adjustment Administration works with both farmers and agricultural specialists in every State and county throughout the country. The suggestions of both groups are summarized and studied on a type-of-farming and regional basis similar to that outlined in figure 1. In addition, the national administrative organization has been shifted from the old commodity set-up established under the Agricultural Adjustment Act to a regional basis under the Soil Conservation and Domestic Allotment Act.

While the borders of type-of-farming regions do not coincide with those of administrative regions established by the Agricultural Adjustment Administration, the North Central Division is responsible for the program in the Corn Belt, the closely related western half of the general farming region, and the western or Lake States portion of the dairy region. The Southern Division is responsible for the Cotton Belt; the East Central Division for the tobacco areas and the eastern half of the general farming region; the Northeast Division for the northeast dairy region; and the Western Division for the fruit, truck, and special crop areas along the Pacific Coast, and the greater portion of the western wheat regions and the range livestock region as well as for considerable cotton-growing areas in the southwestern States.¹

¹ Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin are included in the NORTH CENTRAL REGION; Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas in the SOUTHERN REGION; Delaware, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia in the EAST CENTRAL REGION; Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont in the NORTHEAST REGION; and Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming in the WESTERN REGION. Alaska, Hawaii, and Puerto Rico are included in the INSULAR REGION.

II. DEVELOPING AN AGRICULTURAL CONSERVATION PROGRAM

The conservation program is a farmers' program and to succeed must be planned and administered by farmers or their representatives. On this general principle all of the programs under the Agricultural Adjustment Administration have been built, both under the Agricultural Adjustment Act and the Soil Conservation and Domestic Allotment Act.

In developing the 1936 agricultural conservation program the objectives of the act and the type of program which could be developed under it were discussed with farmers at open meetings held as soon as possible after the act was signed. Recommendations and suggestions of farmers and farm organization leaders who attended these meetings provided the basis for the program. Actual administration of the agricultural conservation program for 1936 in each community and county was carried on, of course, by farmers selected by their neighbors as community and county committeemen.

In planning the 1937 program a series of community and county meetings was held throughout the United States. At these meetings farmers discussed the program for 1936 and the changes which they thought should be made for 1937. The suggestions growing out of these discussions were summarized by counties and by States and transmitted to the Agricultural Adjustment Administration. These suggestions, in turn, served as the basis for the 1937 program after they had been coordinated and gone over with State committeemen and representative farmers consulted during the fall of 1936.

FARMERS AND COLLEGE SPECIALISTS CONSULTED

The work of college research and extension specialists also contributes to the agricultural conservation program. The Agricultural Adjustment Administration, cooperating with other agencies in the Department, has encouraged the consideration of these changes in cropping systems and farming practices needed in the interest of agricultural conservation. The regional adjustment project and the county planning project have been the means of obtaining this consideration.

The Agricultural Adjustment Administration, in cooperation with the Bureau of Agricultural Economics, asked the State colleges of the several States to estimate the changes in acreages of the several crops grown in each type-of-farming area needed in the interest of agricultural conservation and good farm management. This Nation-wide study, the regional adjustment project, was carried out in the summer and fall of 1934.

THE COUNTY PLANNING PROJECT

In the county planning project, begun in the fall of 1935, committees of representative farmers in over 2,400 counties worked with the State extension services in analyzing the agriculture in their counties and in working out recommendations for changes in the acreages of crops

grown in each county needed in the interest of agricultural conservation. Specifically, these committees were asked:²

(1) What acreage and production of the various farm products would be expected, assuming normal weather and prospective prices, but with production and marketing control programs discontinued?

(2) What acreage and production of the various farm products would be expected, assuming normal weather, prospective prices, and farming systems so adjusted as to maintain soil fertility and control erosion?

The answers to these questions, and the estimates submitted by State college specialists, have been summarized and are presented in table 2 which also compares indicated or recommended acreages with those reported for 1928-32 and 1936.

TABLE 2.—*Summary of changes proposed in regional adjustment and county planning projects as compared with 1928-32 average, 1936, and acreages expected without a program*

[All figures in millions]

Item	Reported ¹		Acreage expected without a program ²	Recommended in ¹	
	1928-32	1936		Regional adjustment project	County planning project
Corn.....acres.....	103.3	92.5	103.4	86.5	94.0
Oats and barley.....do.....	52.7	42.9	48.2	49.4	46.2
Wheat.....do.....	60.1	48.8	64.2	51.7	57.9
Cotton.....do.....	40.5	30.1	39.3	38.4	31.9
Tobacco.....do.....	1.9	1.5	1.8	1.9	1.6
All hay.....do.....	67.6	67.7	74.5	81.4	87.8
Soil-depleting crops.....do.....	296.5	-----	301.0	272.0	278.0
All harvested crops.....do.....	366.5	-----	369.0	355.0	360.0
Cows milked ³head.....	23.2	⁴ 23.5	-----	24.0	26.2
Beef-cattle slaughter.....do.....	12.0	⁴ 15.2	-----	13.4	14.7
Hog slaughter.....do.....	70.0	⁴ 55.0	-----	58.2	57.7
Lamb slaughter.....do.....	19.8	⁴ 21.0	-----	21.2	20.5

¹ Harvested acreage basis; seeded acreages would average about 3 to 5 percent above this level.

² Acreages county planning committees indicated would be expected if no agricultural control or conservation program were in effect.

³ Assuming average yield per cow equal to that in 1923-32.

⁴ Preliminary, subject to revision.

In answering the question about the acreage of the crops which could be expected if no agricultural program were in effect, county planning committees indicated that increases in the acreage back to or above the level for the period 1928-32 would be expected, assuming that usual farming practices were continued. From the standpoint of soil conservation, however, both the county committees and the State college specialists thought that some very important shifts in the acreages of crops were needed, although they suggested only a slight change in the total acreage of cropland itself.

In general, both groups recommended a significant downward adjustment in the acreage of soil-depleting crops as compared with 1928-32 levels. A downward adjustment of 10 to 15 percent in the acreage of corn, 5 to 10 percent in oats and barley, 5 to 15 percent in wheat, 5 to 20 percent in cotton was recommended, and the county

² A third question was asked, but for the most part work was concentrated on the first 2 questions, while the third question was deferred until the second year of the project. This question read: "What production of the various farm products should be expected after all land not adapted to agriculture has been shifted to other uses, and after sufficient time has elapsed to permit such changes in farm management practices as are necessary to maintain soil fertility and control erosion, and to permit those shifts between agricultural enterprises which seem clearly desirable and susceptible of practical accomplishment?"

planning committees further suggested a reduction of almost 20 percent in the acreage of tobacco. On the other hand, increases of 20 to 30 percent in the acreage of hay, or in the acreage of hay and pasture which might be substituted for hay, were indicated. Although the State college specialists and the county planning committees were not always in exact agreement on the acreage of the several crops needed, their recommendations were usually in the same direction, and when aggregate acreage of crops in any particular area or region was considered, the recommendations were closer than those for any individual crop.

The regional adjustment and county planning work were both continued through 1936. The several State colleges are cooperating with the Agricultural Adjustment Administration and the Bureau of Agricultural Economics in a series of studies dealing with selected areas or special problems in each State, while the county planning committees are comparing their estimates of adjustments needed in the interest of agricultural conservation with the estimates of the State college specialists in an effort to arrive at a set of estimates upon which there is general agreement. In addition, the county planning committees are working out a series of estimates of the probable effect upon acreage and production of a sound land-use program which would include the retirement of submarginal land and shifts between enterprises which seem clearly desirable and practical, as well as changes recommended from the standpoint of soil conservation.

RECOMMENDATIONS INDICATE GOALS

This work indicates the goals toward which the agricultural conservation program should be directed. These goals, of course, will need to be modified from time to time according to current or prospective economic outlook for the commodities most important in each region. Furthermore, the progress of the program in any desired direction is limited from year to year by the amount of money available for carrying out the agricultural conservation. But if agreement can be reached on needed acreage changes and on desirable soil-conserving or soil-building practices, the first step toward a stable and continuing agricultural conservation program will have been taken.

This sketch indicates the regional differences in the agriculture of the Nation and the steps which the Agricultural Adjustment Administration is taking to assure that the knowledge of both farmers and State specialists will be utilized in developing the agricultural conservation program. The actual adjustment or types of adjustments needed in each region are considered in the following paragraphs.

III. THE CORN BELT PROBLEM

The Corn Belt, stretching across the Midwest, is the agricultural heart of the Nation. Throughout this region the land is level with deep, warm, black soils rich in lime, nitrogen, and organic material. These soils are remarkably fertile and, because they are associated with high day and night temperatures, ample rainfall, and a reasonably long growing season, are almost ideal for corn production. Although corn is the most important crop, oats, barley, wheat, and hay are also important. The small grains are sown in the fall after corn cultivation is over and before harvesting is started, thus serving as excellent nurse crops for establishing hay and pasture crops.

The feed grains and hay produced in the Corn Belt are largely marketed in the form of livestock. Approximately 65 percent of the corn and 75 percent of the hogs commercially slaughtered in the United States are produced in the Corn Belt and the closely associated general farming region. In addition, the great bulk of the grain-fed cattle coming to market, as well as a considerable portion of the country's sheep and lambs, chickens, and dairy cattle are accounted for in the Corn Belt.

Moderate sheet erosion, with occasional gullies, occurs over much of the region, and moderate to severe sheet erosion with frequent gullies is found on small areas along the southern edge of the region and over much of the western and southwestern sections. Some wind erosion occurs also along the western and southwestern border of the region. Farmers in the Corn Belt have been using a greater proportion of their land for soil-depleting crops, especially corn, than was desirable from the standpoint of conservation and good farm management. Even on the level soils, where erosion is not a serious problem, continuous overcropping constitutes an uneconomic and unwarranted drain upon the fertility of the land and tends to cut down yields.

CHANGE TO LESS INTENSIVE FARMING RECOMMENDED

In general, the chief changes recommended by county planning committees and State specialists are reductions in the acreage of corn and oats with a corresponding increase in the acreage of soybeans, hay, and pasture as compared with the acreages which prevailed up to about 1934. These changes are designed to result in a less intensive type of farming, to check soil erosion and soil depletion, and to remove some of the poorer land from cultivation. Altogether, the county committees recommended that the acreage of corn should be maintained at a level about 14 percent lower than the acreage which they thought would prevail without an agricultural program, while the State college specialists recommended that the acreage be maintained at a level 20 percent lower. Both groups recommended that the acreage of small grains, oats, barley, and wheat should be maintained at about 7 to 8 percent under the acreage which would be expected without an agricultural program, and that the total acreage of soil-conserving crops should be increased about 30 percent above the level which prevailed in 1928-32 or which would be expected without a program.

SHIFT NEEDED FOR ECONOMIC REASONS

This shift, from the viewpoint of soil-conserving aims, is in the same direction as the shift needed at present from the economic, or price, standpoint. Corn is not only the most important soil-depleting crop in the Corn Belt, but it is also the chief feed grain, and the chief adjustment problem of the Corn Belt centers around the feed grain and livestock situation.

From the World War through 1933, the average annual production and disappearance of corn was about 2,600,000,000 bushels, with about 65 percent of the acreage and over 75 percent of the production accounted for by the Corn Belt and the transition areas surrounding. For the period just ahead, however, it is doubtful that the requirements for corn will be maintained at the old level. At present, the number of hogs on hand is almost 30 percent under the 1928-32 average, and

if one-half to two-thirds of this difference is made up by the prospective increase during the next year or two, it is probable that the requirements of corn for hogs will be 125,000,000 to 175,000,000 bushels less than the average in 1928-32. In addition, the number of work stock has declined enough to release another 50,000,000 to 75,000,000 bushels, and chicken numbers are still under the 1928-32 level, while the requirements for dairy and beef cattle, sheep and lambs, and for industrial uses, seed, and direct consumption have not materially changed.

These shifts, together with some increase in the efficiency of feeding grain that may be expected because of the use of increased acreages of hay and pasture and the experience of farmers with short rations in 1934-35 and again in 1936-37, indicate that an average annual corn production of 2,300,000,000 to 2,400,000,000 bushels is enough for prospective requirements through the next several years, provided adequate storage stocks are carried.

In general, the 1936 agricultural conservation program for the Corn Belt encouraged desirable shifts in acreage and adoption of erosion-preventing and soil-building practices. Grants at an average rate of \$10 per acre for the United States, varying among farms and counties in proportion to the productivity of crop land, were offered for shifting up to 15 percent of the acreage in the general soil-depleting base to soil-conserving crops. Grants also were offered for the adoption of a wide range of soil-building practices, including the seeding of alfalfa, clovers, and legume mixtures, the use of soybeans and cowpeas as soiling crops, the application of limestone, and the planting of forest trees.

IV. THE COTTON-BELT PROBLEM

Growing and marketing of the cotton crop is the principal occupation of both agricultural and nonagricultural workers throughout the Cotton Belt. Cotton is the chief crop in this region because of its exacting climatic requirements and because the relatively dense rural population requires a crop which has a relatively high value per acre and requires a relatively large amount of hand work. The northern boundary of the cotton crop and of the Cotton Belt is largely determined by the northern limit of the 200-day growing season, while the western boundary is roughly determined by the line of 20-inch annual rainfall.

In general, cotton accounted for over 50 percent of the harvested crop acreage in the Cotton Belt prior to 1933, and an even larger percentage of the total value of products sold. In addition, most farmers in the South endeavor to grow enough corn to supply corn meal for home use and feed for work stock, so that corn is the second most important crop. Annual legumes such as soybeans, cowpeas, and velvet beans also are grown, and the acreage of these crops has shown a steady increase since about 1933 because of the increased attention given to soil improvement. Peanuts are grown both for feed and for commercial uses and some tobacco also is found along the eastern and southeastern edge of the Cotton Belt.

Erosion is widespread. Much of the land is sloping and lack of snow protection, heavy rainfall, relatively warm winter and spring weather, and the intensive and long continued use of the land for

clean-cultivated crops, all contribute to the erosion problem. As a result, almost the entire Cotton Belt, except the delta areas and the flatwoods border along the Atlantic and Gulf coast, is subject to both sheet erosion and gullying; and except in some of the recently opened western areas, commercial fertilizers are commonly required throughout the Cotton Belt.

ECONOMIC CONDITION COMPLICATES PROBLEM

The conservation problem is further complicated by economic conditions. Because of the relative density of the rural population there is a continuous economic pressure over most of the region to use the land for cotton in an effort to meet taxes and interest and to maintain a minimum standard of living. But in many areas too much cotton acreage has been maintained at the expense of crops for home use and feed, and at the expense of the soil itself.

RECOMMENDATIONS OF COUNTY PLANNING COMMITTEES

The major shift recommended by county planning committees in the southern region involved a reduction in cotton acreage to a level 26 percent below the acreage reported in the 1930 census; such recommendation would be 19 percent below what the committees estimated the acreage would be at this time without an agricultural program. In analyzing these recommendations it is felt that some weight was given to the price factor as well as to the need for agricultural conservation. This same observation might be made of the committee recommendation for a reduction of 18 percent in tobacco acreage. A slight increase was proposed in corn acreage to permit more adequate food and feed supplies to be grown in the area. Soil-depleting crop acreage should be decreased about 6 percent below the 1930 census figures according to these reports, while soil-conserving acreage should be very materially increased both by single cropping and by interplanting or double cropping of both summer and winter legumes.

The recommendations also emphasize such practices as terracing and contour farming on the sloping lands where erosion control is most needed.

These changes are recommended in order to check erosion and maintain or build up soil fertility, to provide for greater farm consumption of vegetable and livestock products, and to help maintain a reasonable balance between supply and demand in the cotton market.

The recommendations of the college specialists were all in the same direction, although the specialists tended to recommend somewhat smaller shifts than those indicated by the county committees, especially for cotton.

COTTON-BELT PROGRAM CARRIES SPECIAL PROVISIONS

Several special provisions were included in the agricultural conservation program for 1936 in order that it might best fit the Cotton Belt. In order to allow the greater portion of the shift from soil-depleting to soil-conserving crops to come from cotton rather than from corn and other crops, a special cotton base and diversion payment were established, while every farmer was encouraged to grow an acreage of corn and other food and feed crops sufficient for farm-family consumption. A special base and rate of payment for peanuts

also were established. Payment for diversion from the general soil-depleting base could be earned only by farmers whose acreages in crops included in this base were in excess of the needs for home consumption. Grants were offered for the diversion of up to 35 percent of the cotton base, up to 15 percent of the peanut base, and up to 15 percent of their general base by farmers who could qualify for this type of diversion.

Grants also were offered for the adoption of a wide range of soil-building practices, including the seeding of legumes and clovers and the turning under of soybeans, cowpeas, and small-grain mixtures; the establishment of permanent pastures; the application of limestone and superphosphate; and terracing on soils where such work was needed. In addition, interplanted legumes and winter-cover crops, as well as the usual hay and pasture crops, were classed as soil-conserving in order to encourage the use of legumes and to help farmers keep their land covered through the fall and winter season.

V. THE GENERAL FARMING REGION

The general farming region is composed of a series of transition areas which lie between the Corn Belt on the north and the tobacco areas and Cotton Belt to the south. In general, farming is diversified rather than specialized in these areas. Corn is the most important crop over much of the region, but small grains and hay crops also fit into the usual rotation. Cattle, poultry, hogs, and sheep are all relatively important. There are apple orchards in both the eastern valleys and the Ozark section.

In some river-bottom areas, as, for example, the Ohio-Wabash area in southern Indiana and Illinois, soils and corn yields are similar to those in the Corn Belt proper; but in the greater portion of the area in southern Indiana, Illinois, and eastern and southwestern Missouri the soil is lighter, the topography is rougher, the percentage of tillable farm land is smaller, and per acre yields are lower than in the Corn Belt. The Shenandoah, Tennessee, and Cumberland Valleys in the eastern part of the region are especially well located with respect to markets and have relatively fertile soils, although the acreage of tillable land is limited.

In general, the agricultural conservation problems in these areas are similar to those of the Corn Belt, and the 1936 program provisions corresponded to those of the Corn Belt program.

County planning committees recommended for this region a decrease in corn acreage approximately the same as that proposed for the Corn Belt, and a decrease of about 15 percent in tobacco acreage. Decreases in soil-depleting crops, it was advised, should be matched by increases in soil-conserving crops in the area as a whole. There were significant differences in the recommendations for various parts of the region. These differences were due to wide variations in topography, soil type, and other natural factors.

VI. WHEAT AND SMALL-GRAIN REGIONS

The important wheat regions are the hard winter-wheat region centering in Kansas; the hard spring-wheat region in North Dakota, South Dakota, and Montana; and the soft-wheat region in the Pacific Northwest. In these regions fields are large and level and soils are

relatively dry. These factors favor the use of large-scale machinery, which means low costs of production. These same level, dry lands, however, are subject to wind erosion and on them the two chief conservation problems are to control wind erosion and to maintain sufficient organic material in the soil.

Improvement in machinery, especially the development of the combine and tractor, a relatively good market demand, and several years of above-normal rainfall in the decade ending about 1930, resulted in a rather rapid westward expansion of wheat-growing in the Great Plains, and a considerable acreage of marginal and submarginal land was brought into cultivation. There is also a considerable average of low-yielding wheat land in the Pacific Northwest. Consequently, farmers in the wheat regions face not only the problem of soil conservation but also the need for making considerable shifts in the use of some of the drier lands and for reorganizing their farming units into more efficient sizes on such land.

There are three distinct subregions in the hard winter-wheat region in the Southwest. That in southeastern Colorado and southwestern Kansas, in the Panhandles of Oklahoma and Texas, and in northeastern New Mexico, is a combination wheat and grazing region. Cultivated land in this subregion, commonly known as the Dust Bowl, is especially liable to wind erosion. Wheat is the chief crop, but cattle grazing is also important and a considerable acreage of grain sorghum is grown for feed. Farming is done on a large scale with modern mechanical equipment. But rainfall is low and uncertain and the acreage of cultivated land has been overextended, so that residents have been especially hard hit by several years of consecutive drought.

In this area conserving soil and preventing erosion on land which should remain in cultivation, are important. Considerable acreages should be permanently shifted from arable farming into permanent grass and many farm units need to be enlarged in order to be operated economically.

The second general subregion in the hard winter-wheat region lies in the center of the region itself. It has heavier soils and a somewhat higher rainfall than the region just discussed. Considerable corn is grown in the northern portion and grain sorghums are especially important in the southwestern section. Although conservation is a continual problem in this subregion, the land is not subject to wind erosion in the same degree as is the western subregion, and most of the land apparently can be retained in cultivation.

The third subregion occupies the eastern end of the general region and is characterized by a humid type of climate, smaller farms, and diversified farming. Wheat is the principal cash crop, but is supplemented by feed grains and livestock. The problems in this area are similar to those of other areas in the humid Midwest.

The hard spring-wheat region similarly may be divided into three subregions—the wheat and range-livestock territory centering in western North Dakota, South Dakota, and Montana; the specialized wheat and small-grain subregion which occupies northern North Dakota and extends south into north-central South Dakota; and the wheat and general-farming territory centering in southeastern North Dakota and the adjacent territory in South Dakota and western Minnesota.

There is considerable difference in the intensiveness of farming as among the three subregions. About one-fourth the farm land in the first subregion is normally in harvested crops, while over half of the land in the second subregion, and almost two-thirds of the land in the third subregion is normally harvested. Small grains are grown on about two-thirds of the harvested cropland in the first two subregions and about one-third in the third subregion. Wheat yields tend to increase from the west to the east as rainfall increases from the semiarid level in central Montana to the subhumid level in the Red River Valley of South Dakota and Minnesota.

Oats is the most important feed crop and flax is, next to wheat, the most important cash crop throughout the region. The conservation problem in the western subregion especially is complicated by the fact that cultivated acreages have been overexpanded. Shifts in the major land use and changes in the size of farm are needed, as well as strict attention to conservation.

The soft wheat region centering in the Columbia Basin of Washington, Oregon, and Idaho is one of the oldest and best-known dry-land farming regions in the United States. This region is divided into an eastern portion known as the Palouse, which has both a higher rainfall and a more uneven topography than the western portion known as the Big Bend. Approximately one-fifth of the land in farms is cultivated in the Big Bend area and approximately one-third in the Palouse, with small grains accounting for approximately 80 percent of the harvested cropland in both. The prevailing practice is to alternate wheat with summer fallow, although rainfall is high enough in the Palouse to allow some variation. Wind erosion is relatively severe in the Big Bend portion of the region, and a considerable amount of sheet erosion with occasional gullying is found in the Palouse section.

Since 1930, and especially since 1933, droughts have been common over the Great Plains and wheat production in the United States in the 4 years, 1933 through 1936, ranged between 500,000,000 and 625,000,000 bushels as compared with a 5-year average production of 860,000,000 bushels for the period 1928-32. These four consecutive short crops increased 1936 wheat prices and encouraged farmers to seed exceptionally large acreages of wheat for harvest in 1936 and 1937. As a result, the acreage of wheat seeded for harvest in 1937 apparently will be the highest on record. This adds to the complicated problem in the wheat regions where strict attention to conservation and a considerable degree of economic reorganization is needed.

RECOMMENDATIONS OF COUNTY PLANNING COMMITTEES

The county planning committees recommended a 6-percent or 4,000,000-acre reduction in wheat in the interest of soil conservation. In the hard-winter-wheat region the recommendation was for a 9-percent reduction, while a 12-percent reduction was proposed for the hard spring wheat region, and a 26-percent reduction for the Pacific Northwest. The price, supply, and prospective demand situation, no doubt, influenced to a certain extent the recommendations made in the various subregions. For the soft-winter-wheat areas in the Midwest and East the county committees recommended a 15-percent increase, mainly to fit their proposed rotations, while

in the South a 10-percent increase over the 1929 acreage was proposed in order to more nearly meet local needs.

VII. THE DAIRY REGIONS

Although some dairying is carried on in every section of the United States, commercial dairying is concentrated principally in the Lake States and the Northeast.

Production of milk for consumption as fluid milk is especially important in Pennsylvania, New York, and New England. In this region the steady increase in the urban population around Philadelphia, New York, and Boston has created an effective demand for a steadily increasing volume of fluid milk and sweet cream. On the other hand, the limited production of feed in the region has restricted the increase in the number of cows kept for milk and has tended to stabilize production, so that the steady increase in the demand for fluid milk and sweet cream has resulted in a steady decrease in the production of butterfat for butter and of condensed and evaporated milk.

In this region the typical farming system centers around the dairy enterprise and pasturing is especially important. Cash-crop production is only locally important and erosion is not so serious as in the other regions, since 55 to 90 percent of the cultivated cropland is already in hay and pasture. For this reason no marked downward adjustment in the acreage of soil-depleting crops seems to be needed. Cropping systems and practices which will control erosion where it is locally serious, and pasture improvement to keep costs of production at a reasonably low level, are desirable in this region.

Butterfat production is centered in the Lake States dairy region and the western Corn Belt. Cheese production is especially important in Wisconsin. While dairy cow numbers have been constant or only slowly increasing in the East, the number of cows kept for milk in the Lake States and the Midwest has trended steadily upward from 1920 to the present, although numbers showed some decrease from 1925 into 1927 and from 1934 into 1937. Although dairying is the dominant enterprise in the Lake States region, general farming often is followed. Where butterfat is sold the skimmed milk, supplemented with a small amount of concentrated feed, can be used for hog production, veal calves can be raised, and some potatoes and other crops can be grown along with feed crops since cheap feed often can be purchased from the nearby Corn Belt. As in the Northeast, erosion is only locally serious; and since 40 to 55 percent of the cultivated cropland is already in hay and pasture, attention should be directed chiefly toward soil-conserving practices and pasture improvement.

VIII. THE TOBACCO REGIONS

Tobacco is as exacting as cotton from the standpoint of climate and is much more exacting with respect to soil. Tobacco is divided into a number of types and market classes—Burley, flue-cured, dark air-cured, fire-cured, southern Maryland, and the several cigar types—each of which is best grown on a different soil, and each of which has different uses and different market demand.

Burley tobacco usually accounts for about 25 percent of the total tobacco production of the United States. Burley production is con-

centrated in north-central Kentucky, although considerable quantities are also grown in other sections of Kentucky, Tennessee, Virginia, and southern Ohio. Approximately 95 percent of the Burley crop is consumed domestically and consumption is trending upward. The increased use of Burley as cigarette tobacco, however, has been offset in part in the last decade by the decrease in its use as chewing tobacco, while the demand for Burley as a pipe tobacco has remained about unchanged.

Several of the dark air-cured and fire-cured types are grown in the same region as Burley or along the western edge of Burley areas in west-central and southwestern Kentucky and northwestern Tennessee. These types are also grown in central Virginia. Fire-cured tobacco now represents around 10 to 12 percent of the total tobacco production in the United States, and about 75 percent of this production is exported. This type is used chiefly for snuff and chewing tobaccos, and demand has been trending downward, with current exports only about 50 percent of the previous level. Production of dark air-cured tobacco accounts for only about 5 percent of the total tobacco crop and about 75 percent of this production is consumed domestically. Like the fire-cured types, dark air-cured tobacco is used for chewing tobacco and demand has been trending downward. A large portion of the crop was formerly exported, but the export demand has been declining steadily.

Flue-cured tobacco is grown in the Atlantic coast and Piedmont areas in southern Virginia, the Carolinas, Georgia, and northern Florida and accounts for about 50 percent of the total tobacco production in the United States. Flue-cured tobacco is chiefly a cigarette tobacco and approximately 60 percent of the crop is normally exported. Consumption is trending upward both in this country and abroad. The areas of heaviest production are in northern and east-central North Carolina and northeastern South Carolina.

Southern Maryland tobacco accounts for less than 2 percent of the total tobacco production in the United States, and is all produced in a small area lying just west of the Chesapeake Bay. In the past most of the southern Maryland crop was exported, but in recent years foreign demand has been declining and domestic consumption has exceeded exports.

The cigar types account for about 12 percent of the total tobacco production in the United States and practically the entire crop is consumed domestically. In addition, considerable quantities of cigar tobacco are imported. The cigar types are grown in the Connecticut Valley in Connecticut and Massachusetts, in small scattered areas in New York, Pennsylvania, Wisconsin, Florida, Georgia, and Ohio. Demand for most of the cigar types has been either declining or holding about constant.

GENERAL CHARACTERISTICS OF TOBACCO AREAS

In general, tobacco is grown in areas which have been farmed over a long period and where the topography and soil type combine to present a serious soil-erosion problem.

In the Kentucky-Tennessee area, especially, severe sheet erosion, with a considerable amount of gullying, is common, while much the same condition is found throughout the Virginia and central North Carolina subregion. The erosion problem is not so serious in the

flue-cured areas in eastern North Carolina and South Carolina, however, since they are on light, sandy soils and are relatively level.

Tobacco is a specialized cash crop, which returns a high value per acre. In 1936 a special base, together with a special rate of payment, was established for each of the several types of tobacco. In establishing these bases and in setting up diversion limits, attention was also given to the supply situation, since almost the entire crop of tobacco is eventually used for human consumption, and since it is usually aged 1 to 2 years before being used.

ECONOMIC PROBLEM IS TO STABILIZE SUPPLY

The economic problem involved has to do with maintaining a stable supply of tobacco for storage in order to maintain a stable supply for consumption. The excess stocks which were depressing the market in 1933 have almost disappeared, and from the economic standpoint the most desirable acreage is that which will provide for domestic consumption and prospective exports.

This acreage is considerably lower than that which prevailed before the initiation of the agricultural adjustment programs and lower than the bases established under the 1936 agricultural conservation program.

Diversion of acreage from tobacco, therefore, is to the interest of both agricultural conservation and agricultural adjustment. In addition, farmers in tobacco areas are inclined to depend too much upon tobacco as a single crop for their income, and would benefit from increased acreages of food and feed crops for home use. Both the adjustment and conservation programs for tobacco regions have encouraged farmers to grow the food and feed crops needed to supply farm-family consumption.

IX. RANGE LIVESTOCK REGION PROBLEM

The range livestock region is located in the arid and semiarid West. This region extends from the Flint Hills in Kansas to the Pacific coast, and from the mesquite grass and coastal ranges in southern Texas to the plains in northern Montana. It is a great breeding ground for cattle and sheep. In 1930 about 37 percent of the cows kept for beef production and 44 percent of the sheep and lambs in the United States were in this region.

Grazing is the only profitable agricultural use to which the greater portion of this region can be put, and even grazing must be done on an extensive scale, since the carrying capacity of the greater portion of the range land is only a small fraction of the carrying capacities of the pasture land in the Corn Belt or general farming region. The average carrying capacity per square mile is lowest in the Great Basin area in Utah and Nevada, and highest in the Edwards Plateau in southwestern Texas, the Sandhills in Nebraska, and the Flint Hills in Kansas, the three easternmost areas of the range region.

Grazing lands in the range region can be divided roughly into several types, according to the season during which they are grazed. Summer ranges are in the higher altitudes throughout the Rocky Mountain portion of the region. Ranchers who use these ranges during the summer use foothill or lower altitude ranges for spring and

fall grazing and usually bring their sheep or cattle into valleys and maintain them on hay during the winter, or shift them to the low altitude desert ranges reserved for winter feed. In western Texas and over the greater part of New Mexico, Arizona, and southern California the winters are sufficiently warm so that almost all of the range can be used at any time during the year and cattle and sheep are grazed on the range the year round with only a small amount of supplemental feed.

Small farming areas are found throughout the region. As a rule these areas are located in irrigated valleys which produce considerable quantities of hay and some specialized cash crops, including truck, cotton, sugar beets, and fruit. Dry-land wheat farming is also interspersed with ranching along the eastern or Great Plains edge of the region. Because of low and uncertain rainfall, together with the unfavorable prices in recent years, many of these dry-farming areas have considerable acreages of abandoned or submarginal land which are gradually going back, or which should be reconverted, to grazing land.

LAND ESPECIALLY SUBJECT TO EROSION

The greater portion of this region is arid or semiarid, and rainfall comes in the form of hard, driving showers or rains, so the land is especially subject to erosion whenever and wherever the natural vegetative cover is unduly depleted. Almost all of the interested ranchers as well as scientists in the several Government agencies working in this region agree that much of the range is overgrazed and that conservation measures are needed. Man-induced erosion (as well as natural geologic erosion) is found over almost all of the region except in a few of the worst desert areas, some of the mountain ranges in national forest reservations, and a few private ranges which have been held for winter range or which have been carefully grazed over a considerable period.

The Forest Service has recently estimated that the forage resources of the ranges in this region have been depleted by about 50 percent since grazing was originally introduced, and that the region as a whole is still overstocked despite the fact that both sheep and cattle numbers were considerably reduced as a result of the liquidation during the drought of 1934. Continued bad management and overstocking result in gradual disappearance of the better forage plants and the replacement of these more palatable and nutritious plants by such unpalatable species as annual grasses and weeds, sand sagebrush, greasewood, shadscale, rabbitbrush, or such worthless plants as thistles and the poisonous Klamath weed. Even where such plants do not come in, the density of the better forage plants is severely reduced and carrying capacities correspondingly cut.

OVERGRAZING ENCOURAGED BY FREE-RANGE SYSTEM

Several factors are responsible for this situation. When first occupied, almost all western ranges were free ranges with the forage going to the men who first stocked the areas, or after they were stocked, who first put their sheep and cattle onto the grass when it started in the spring. As a result, too early grazing, concentration around watering places, and general overstocking soon developed. And these early conditions were not materially improved over the greater portion

of the range area by the mixed pattern of land ownership³ which gradually developed. Wide fluctuations in precipitation and vegetative growth and in the prices of cattle and sheep have encouraged increases in livestock numbers during periods of good weather or high prices, and have resulted in overstocking, low prices, and liquidation whenever a drought period occurred.

Ranchers and others interested in the western range areas are aware, however, of the need for better grazing methods in the interest of range conservation. Grazing on the range areas in the national forest reservations has been regulated for a considerable period, and these ranges are in much better shape than are most of the others in the range region. Under the Taylor Grazing Act passed in 1933, the greater portion of the public domain has been organized into grazing districts and development of a more reasonable pattern of range use on the Federal lands covered by this act, has been commenced.

The county planning committees in the Western Region recommended a decrease in wheat acreage of 14 percent from the level shown by the 1930 census report. This decrease was offset in part by recommended increases in intertilled crops to supplement the feed supply, so that the net recommendation for soil-depleting crops was a decrease of 6 percent below the acreage prevailing in 1929. The committees recommended that acreage of soil-conserving crops, chiefly alfalfa and other tame hay, be increased 31 percent. Such a recommendation would not only be in line with a soil-conservation program, but also would help to meet more adequately the need for reserve winter feed supplies.

X. SPECIAL CROP REGIONS

The special crop regions include a group of mixed-farming areas in which dairy, truck, poultry, fruit, sugar beets, sugarcane, rice, field-beans, and potatoes are produced. These areas are located in or near centers of population or in sections where the soil and climate are especially favorable to specialized production.

In almost all the areas under this classification, except the Willamette Valley in Oregon, a very intensive type of cash crop farming is followed. For the most part, the soils are relatively productive with respect to the particular crops grown. Erosion conditions differ among areas and markedly among farms in the same area, depending upon the cropping practices followed. Intensive cropping tends to promote erosion over a considerable portion of these areas. It also causes especially severe depletion of soil fertility, since attention is centered upon high yields and a relatively large per acre volume of production.

XI. SELF-SUFFICING, FLATWOODS, AND CUT-OVER REGIONS

"Self-sufficing farming", as defined by the census of 1930, involves areas where at least 50 percent of the farm products are used on the farm which produces them. This type of farming is concentrated in the Southern Appalachians and in the Ozark-Ouachita regions, but is also found to some extent in every section of the United States. It is especially characteristic of the cut-over regions in the Lake States, the

³ At present slightly over one-half of the western range land is privately owned in one form or another. About 40 percent is federally owned or controlled, divided among national forests, grazing districts, and other withdrawals of public land and Indian land, and about 10 percent is State or county land.

mountainous regions in north-central Pennsylvania, and the sandy flatwoods areas bordering the Atlantic Ocean and the Gulf Coast.

Self-sufficing farming often is associated with the submarginal land problem. Below are discussed some characteristics of the areas where permanent retirement of a substantial part of the arable farm land, or consolidation of small farms, is recommended.

In general, there are three classes of areas which should be considered:

(1) Areas where the land is so poor, so badly eroded, or so depleted that it offers only a bare existence to those who cultivate it and where its permanent retirement from cultivation should be encouraged. Such areas usually are located in mountain regions or in cut-over forest regions where relatively small acreages of land on sloping hillsides or along narrow valleys are cultivated, and where a minimum number of livestock are kept. Such areas should be gradually returned to forest or set aside for recreational uses if they are near large centers of population.

(2) Areas where the land is good enough to return a worth-while yield in years of plentiful rainfall, but where the rainfall is so variable and drought so frequent that field-crop production over any considerable period is very uncertain. Such areas are, for the most part, located along the western edge of the wheat regions and should be allowed to revert to grazing land.

(3) Areas where the soil is sufficiently good to maintain reasonable standards of living if existing small holdings are consolidated and soil erosion is halted. Such areas are found intermixed with the submarginal areas just described, around the edge of the corn- and wheat-producing regions of the Midwest and throughout the range regions of the West, and in the Cotton Belt.

The so-called submarginal land problem is essentially a human as well as a land problem, while good land and submarginal land are often so intermixed that the acreage which should be retired from cultivation in any given area may range from a very small fraction to almost all of the farm land.

The Agricultural Adjustment Administration program aims at helping farmers to conserve their soil and control erosion in such areas, and does not cover the problem of consolidating farms or shifting large blocks of land from farming to grazing.

The conservation program should be coordinated to the greatest possible extent with other programs, so that living standards may be raised and the most desirable uses of land promoted.

The Southern Appalachian and Ozark-Ouachita regions, where self-sufficing farming is concentrated, account for 4 percent of the total farm population in the United States, but in 1929 this 4 percent occupied and worked only 1 percent of the harvested crop land and 1 percent of the livestock and produced only 1 percent of the total value of all agricultural production in that year, with cash sales per capita averaging \$64, or only 20 percent of the average for the Nation. General farming is practiced in this region. Much of the arable farm land should be withdrawn from cultivation and converted to forest; farms should be consolidated in some of the areas where the slopes are not so steep as to prevent erosion control and where pasture acreage can be increased; and erosion control should be encouraged in the areas where the farm land is good enough to be retained in cultivation under the present farm-unit organization.

A general mixture of potato, peanut, vegetable, and small fruit farming, together with some cotton and tobacco culture and the production of naval stores and other forest products, is found in the flatwoods area adjacent to the Atlantic Ocean and the Gulf Coast. In

general, erosion is not a problem in these areas, but considerable amounts of fertilizer are needed if crops are to be grown successfully. The chief problem is to work out a type of farm-unit organization which will maintain a reasonable standard of living for farmers, and to build up pastures so livestock can be kept. The problems in north-central Pennsylvania are about the same as those in the Southern Appalachian region, while the chief problem in the cut-over region in the Lake States is to restrict farming to soils which will return reasonable yields and to build up farm organizations which will provide a reasonable living standard.

XII. PROVISIONS OF THE 1936 AGRICULTURAL CONSERVATION PROGRAM FOR MEETING REGIONAL PROBLEMS

The 1936 agricultural conservation program was drafted to maintain adequate supplies of food and feed for domestic consumers needs and for remunerative foreign outlets, without taxing too severely the soil fertility in farm land. It was an attempt to strike a balance among farm income, consumer requirements and soil requirements. Major emphasis was laid on soil needs, and payments were made to enable farmers to apply on their farm a Nation-wide policy designed to conserve soil in the interests of producers and consumers.

The goal originally set for the 1936 program included an increase of cropland devoted to soil-improving and soil-conserving crops which would bring this total to 130 million acres, as compared with the 1930 figure of 100 million acres. It also aimed at a more extensive use of practices which would check erosion and increase fertility. Congress provided approximately \$470,000,000 for carrying out the program.

In broad outline, the 1936 program provided for: (1) Establishing base acreages for each farm; (2) defining the performance on which payments were based; (3) division of payments; (4) defining soil-depleting and soil-conserving crops; (5) local administration through employees selected by State, county, and community committees; and (6) the establishment, for administrative purposes, of five regional divisions corresponding with the five major agricultural areas that make up the United States.

On March 20, 1936, the Secretary of Agriculture signed, for each of the five regional divisions, "Bulletin No. 1, 1936 Soil-Conservation Program." These bulletins were the official announcement of the provisions of the 1936 program as worked out for the different regions. Provisions contained in these bulletins were, thereafter, considerably modified as experience in their application indicated was necessary, and as the 1936 drought developed. Supplements and revisions were published as it became necessary to adapt the program to the requirements of different regions and to the drought situation.

Adjustment of the program to meet the drought emergency took the form of increasing the base of awards to farmers for planting and use of emergency pasture and forage crops, and for planting fall cover crops to protect the land and add to the supply of pasture and roughage available for fall and winter of 1936 and early spring of 1937.

In the Corn Belt the provisions were revised to authorize payments to farmers who failed, because of the drought, to obtain a good stand of soil-conserving crops planted under the program and with the expectation of earning awards. It was also arranged to leave

unchanged the classification of land originally designated as soil-conserving, when an emergency forage crop for harvest was planted on such land after July 10. Late summer and early fall seedings of legumes and grasses were encouraged by authorizing payments for land on which grain or annual legume hay had been harvested, if a good stand of soil-conserving crop was obtained later in the season, on the same land.

In the southern and east central regions county committees were authorized to disregard the planting of an acreage of small grains, annual grasses, or sorghums for grain or hay in order to replace a shortage of feed crops caused by the drought.

The following summary gives the provisions of the 1936 soil-conservation program, largely as they were originally announced in Bulletin No. 1 for each region on March 20, but with the principal modifications made as experience indicated was necessary.

ESTABLISHMENT OF ACREAGE BASES

A farm's base acreage for any crop or crops was established under the 1936 program as the amount of land ordinarily planted on the farm to that crop or crops. Soil-depleting bases were established on each participating farm in order to provide a definite standard whereby to measure the extent of soil conservation and soil improvement on individual farms in 1936 and to determine the amount to be paid to the individual farmer who cooperates. The base was arrived at through information given by the farmer to his county committee, who recommended bases for each farm, to be approved by the Secretary of Agriculture.

The soil-depleting base was defined as the total acreage in soil-depleting crops on that farm in 1935, modified to take care of unusual situations. These modifications included allowances for (1) acreage planted to soil-conserving and soil-building crops in 1935 because of the agricultural adjustment programs, and (2) for unusual variations in plantings in 1935 because of drought, flood, or other abnormal conditions. Adjustments in bases also were made in instances where a farm's soil-depleting or soil-conserving acreage was materially out of line with that of similar farms in the same locality.

To provide county committees with a guide showing the proportion of farm land formerly devoted to soil-depleting and soil-improving crops in the county, the Agricultural Adjustment Administration established the ratio of soil-depleting acreage to all farm land or all cropland in each country. As a rule, the average of all individual bases established in the county could not exceed this ratio.

Special soil-depleting bases were established for cotton, tobacco, peanuts, sugar, rice, and flaxseed. The bases for individual farms for cotton, tobacco, and peanuts followed in the main the bases previously established under the production-adjustment programs. The county committees could recommend modifications that would take into account available facilities, and their past use producing cotton, tobacco, and peanuts. The total of individual bases for cotton for any county was not permitted to exceed the base acreage established for cotton for that county under the production-adjustment programs. The same rule applied to tobacco and peanuts. The bases for flax and sugar-crop acreages were the 1936 acreages of these crops not in

excess of the general soil-depleting base. The base for rice followed the bases previously established under the production-adjustment programs, with necessary adjustments.

GENERAL CLASSIFICATION OF CROPS

Crops were classified in two classes, soil-depleting and soil-conserving. Certain uses of land were classified as "neutral." The classifications were virtually uniform for a group of crops but variations from them have been made in particular instances for the regions. From the national classification regional modifications were made. Changes resulted chiefly from recommendations of State committees.

The general classification varied considerably among regions and was modified in all regions in order to encourage production of needed feed and forage crops when drought developed. In general, "soil-depleting" crops were the intensively cultivated row crops such as corn, cotton, and tobacco, and the small grains such as wheat and oats. The soil-conserving crops were, in general, grasses, legumes, and green-manure crops.

Land uses classified as neutral included: Vineyards, tree fruits, small fruits, nut trees, idle cropland, cultivated fallow land including clean-cultivated orchards and vineyards, wasteland, roads, lanes, yards, lots, etc., and woodland other than that planted at owner's expense since 1933.

THE RANGE-IMPROVEMENT PROGRAM FOR 1936

In 1936 the Agricultural Adjustment Administration made studies and held hearings in developing a program to help ranchers work out better grazing methods for the range land under their control. The attack on the range problem had to be made from the beginning, since no previous programs had been carried out on this phase of the agricultural industry. The studies and hearings were completed in the fall of 1936, and a range program for the 13 States in the western region was announced October 23, 1936.

This program provided that ranchers could earn payments by adopting a wide variety of range-building practices, if the practices were approved by the county committee and a competent ranch examiner; and provided that the total payments earned on any ranch should not exceed \$2 per animal unit on its established grazing capacity.

The practices approved under this program included: Contouring range land according to approved standards; development of springs, seeps, and wells, or construction of reservoirs for catching run-off; water spreading to prevent soil washing; rodent control; fire-guard construction; removing sagebrush; reseeding depleted range land; and construction of range fences needed in the interest of range conservation. Although the 1936 program was not announced until late in the year, ranchers controlling approximately 56,000,000 acres of privately owned range land had the grazing capacity of their ranges appraised and earned a considerable portion of the practice allowances which were set up.

TWO TYPES OF PAYMENTS MADE

Insofar as administratively practicable payments were made only for positive performance by farmers in improving and conserving farm land. Two types of payment were offered to cooperating

farmers, a "soil-building payment" and a "soil-conserving payment."

The soil-building payments were made for 1936 seedings of soil-building crops on cropland, and for approved soil-building practices on cropland or pasture in 1936, at a rate within each State that was based upon recommendations of the State committee and approved by the Secretary of Agriculture. A farmer could qualify for soil-building payments in a total amount equal to \$1 for each acre on the farm in soil-conserving crops in 1936. An exception was made in the interests of small producers, who could qualify for payments up to \$10 without regard to acreage limitations.

Soil-conserving payments were made for shifting acreage from soil-depleting to soil-conserving crops in 1936. Maximum limits on the payments were established to protect the interests of consumers and for purposes of budget control. The rates were based upon estimates that 80 percent of farmers eligible would participate. Provisions were made for altering the rate by not more than 10 percent if participation fell short of or exceeded the estimates. Requirements for payments included the provision that the total acreage of soil-conserving crops should at least be equal either to 20 percent of the farm's soil-depleting base or to the percentage on which a soil-conserving payment could be made. In all regions it was provided that deductions would be made on a per-acre basis, for acreage of soil-depleting crops in excess of the base acreage of such crops, and in the Southern and East Central Regions it was provided that payments for diversion of acreage from soil-depleting food and feed crops would be made only when the acreage of such crops normally grown on the farm exceeded the acreage required to meet home consumption requirements on the farm.

RATES OF SOIL-CONSERVING PAYMENTS

The rates of soil-conserving payments averaged \$10 per acre for the United States for diversion from all soil-depleting crops except cotton, tobacco, peanuts, sugar beets, sugarcane for sugar, flax, and rice. This rate varied among States, counties, and individual farms as the productivity of the crop land used for these crops varied from the average productivity of all such crop land in the United States. The maximum acreage on which such payments were made was 15 percent of the base acreage for the farm, of all soil-depleting crops other than cotton, tobacco, peanuts, sugar beets, sugarcane, flax, and rice.

The rate for diversion from cotton was 5 cents per pound on the normal yield per acre of cotton for the farm, and the maximum acreage on which payment was made was 35 percent of the total base acreage for the individual farm.

Payments for diversion from tobacco were made on a maximum acreage equal to 30 percent of the base tobacco acreage for the farm at rates based on the normal yields of tobacco for the farm. The rates per pound of such normal yield were as follows: For flue-cured, Burley, or Maryland tobacco, 5 cents per pound; for fire-cured or dark air-cured, 3½ cents per pound; for Connecticut Valley types 51 and 52, 4 cents per pound; and for Pennsylvania and New York types 41 and 53, Miami Valley types 42, 43, and 44, or Wisconsin types 53 and 54, the per pound rate was 3 cents.

For diversion from peanuts harvested for nuts, a rate of 1¼ cents per pound of the normal yield per acre for the farm was made on a

maximum acreage equal to 20 percent of the farm's base acreage of peanuts harvested for nuts.

For sugar beets and sugarcane, the payment for diversion was 12½ cents per hundred pounds of sugar produced on a base acreage with the requirement that one-quarter as much land be devoted to soil-conserving crops as to sugar crops.

For flax, the payment was 20 cents per bushel on the average yield of flaxseed in the county on the acreage planted, with a provision that, in addition to land diverted under the general program, an acreage at least equal to 20 percent of the flax acreage be planted to soil-building crops in addition to land diverted under the general program.

To qualify for payment for diversion from rice it was required that an acreage equal to not less than 20 percent of the base rice acreage be devoted to soil-improving crops, while not less than 65 percent of the base must be planted to rice in order to qualify. The rate of payment was 20 cents for each 100 pounds of the producer's domestic-consumption quota of rice.

DIVISION OF PAYMENTS

Soil-conserving payments were divided generally on the basis of the share of each producer in the soil-depleting crops with respect to which the payment was made, although deviations from this rule were made for various crops and types of farms. In the Western and Northeastern Regions and in the North Central Region, except on cotton farms in designated areas, soil-conserving payments were divided among interested producers on the basis of their share in the principal soil-depleting crop produced on the farm in 1936. On tobacco farms in the Southern Region and on farms other than cotton farms in the East Central Region, two-thirds of all soil-conserving payments were divided on a crop-share basis and the remaining third was divided equally between the person furnishing the land and the person furnishing the work stock and equipment. On cotton farms in the East Central Region and in designated areas in the North Central Region, and on farms other than tobacco farms in the Southern Region, one-half of all soil-conserving payments (except general crop payments in designated areas in western Texas and Oklahoma and sugarcane payments in Louisiana and Florida which were divided entirely on a crop-share basis) were divided on a crop-share basis and the other half was divided three-fourths to the person furnishing the land and one-fourth to the person furnishing the work stock and equipment.

Soil-building or class II payments were divided either on the basis of the contribution of the producers to the expense of carrying out soil-building practices or on the basis of the share of each producer in the principal soil-depleting crop produced on the farm. The former method was used in the Northeast, East Central, and Southern Regions and on cotton and sharecropper farms in the North Central Region. The latter method was used on all other farms.

XIII. RESULTS OF THE 1936 AGRICULTURAL CONSERVATION PROGRAM

In the agricultural conservation program for 1936 American farmers have had, for the first time, the economic support and protection of the Federal Government in a cooperative attack on the problem of soil erosion and soil depletion on the privately owned farm lands of the country. Since the turn of the century, Federal and State agencies have done research and educational work on this problem. The nature and extent of the problem have been surveyed and methods of dealing with it have been evolved and taught to farmers.

In 1936, under the provisions of the Agricultural Adjustment Administration programs, farmers received financial help which met part of the cost of adopting tested soil-protecting and soil-conserving practices on their own farms, and were organized to carry out a national program designed to improve and protect the agricultural resources of the whole Nation.

At the end of 1936 only a small percentage of the applications of farmers for payment earned under the 1936 program had been received and checked. Statistical presentation of the accomplishments under the program can be developed only through estimates by the officials of the Agricultural Adjustment Administration, based on the data given in these applications. These data include figures on diversion of acreage from soil-depleting to soil-conserving crops, and on the extent of other soil-protecting and soil-conserving practices that have been carried out by farmers as a direct result of the program.

DROUGHT DAMAGED SOIL-CONSERVING CROPS

Drought, particularly in the Corn Belt States, killed not only many of the new plantings of soil-conserving crops, but also large acreages of established seedings of the same crops. At the same time it forced farmers to produce as much emergency forage and other feedstuffs as possible, in order to carry their livestock through the season, without regard to whether the welfare of the soil was impaired by this emergency cropping.

The soil-conservation program was effective in offsetting a part of the effect of the drought. It encouraged the selection of crops and the adoption of a farming system calculated to produce more feed in a bad year than would be produced if too large a proportion of the farm land were planted to clean-tilled, intensively cultivated crops which do not withstand drought well.

Time for planning an agricultural conservation program for 1936, and for enabling farmers to participate in the program, was too short. Many farmers had at least planned their year's operations, if they had not already begun them, when the Supreme Court decision of January 6, 1936, caused the termination of the production-adjustment programs of 1933-35. Amendments to the Soil Conservation Act of 1935, which comprised the legislative authority for the soil-conservation program of 1936, were not passed and approved until February 29, and the appropriations that made the program possible were not approved until March 19. Consequently the provisions of the 1936 program could not be officially announced until March 20, too late for many individual farmers to adjust their farm schemes for 1936 in order to participate in the program.

One very apparent development under the program is the large-scale substitution of soil-conserving crops for soil-depleting crops. This substitution has long been a recognized principle of crop rotations designed primarily to check exhaustion of plant nutrients in the soil. Its importance in controlling and preventing soil erosion has been given new emphasis by the soil-conservation payments made under the 1936 program to farmers who practiced this diversion.

Balancing acreage on the individual farm between soil-depleting and soil-conserving crops has definitely served three ends: (1) It has reduced the rate of exhaustion of plant nutrients and soil productivity; (2) it has tended toward a better adjustment of national agricultural production to market demand; and (3) it has provided more acres of close-growing grasses and legumes which prevent rapid run-off of water, hold the soil in place, and lessen the destructiveness of floods. Effectiveness of such plantings in erosion control has had new recognition under the 1936 soil-conservation program.

Another important development has been the measures taken to improve soil fertility. These measures were made possible because farmers received payments to assist them in applying fertilizing material and lime to fields and pastures. In many areas such fertilizing or liming was necessary in order to establish soil-conserving crops.

Such land-management devices as terracing, contouring, gully control, and tree planting, to check and prevent soil erosion by wind or water, have been developed to a greater extent and at a more rapid rate under the 1936 program than they otherwise would have been, because payments to farmers, made under the program, enabled them to take these measures.

RESULTS SUMMARIZED

The following summaries of accomplishments under the 1936 agricultural conservation program, and exhibits 12 and 13 in appendix D (p. 193), giving data by States, are based upon estimates by officials of the Agricultural Adjustment Administration, derived from reports by States on numbers of work sheets and applications filed, acreage involved in diversion and soil-building practice operations, and payments to cooperating farmers.

Sixty-seven percent, or more than 283,000,000 acres, of the total cropland in the United States was covered by applications for grants under the 1936 program.

Approximately 3,000,000 applications for grants, representing perhaps 4,000,000 farmers and based upon more than 4,200,000 work sheets, have been filed under the 1936 program. Since more than one farm operator or owner may sometimes sign a single work sheet or application, or a single operator or owner may sign more than one work sheet and application, neither the number of work sheets nor the number of applications necessarily represents the number of individuals or of farms concerned in the program.

The total acreage diverted from soil-depleting crops amounted to nearly 31,000,000 acres. Not all of this diversion was the direct result of the soil-conservation program. Drought destroyed large acreages of soil-depleting crops. In accordance with sound farm-management, farmers replaced these crops where possible with emergency, drought-resistant, soil-conserving crops. The program placed a limit upon the percentage of his soil-depleting acreage which an

individual farmer could be paid for diverting. In the drought-stricken area farmers frequently exceeded this percentage for which they were paid, because of the loss of their original plantings and their desire to produce as much feed and forage as possible.

Of the acreage diverted from soil-depleting crops in the United States, 70 percent was diverted from the general soil-depleting base, 29 percent from the cotton base, and 1 percent from the tobacco base.

Soil-building practices were carried out on more than 53,000,000 acres of land in the country as a whole. There were nearly 34,000,000 acres of new seedings of legumes alone or in mixtures and over 7,500,000 acres of green-manure crops newly seeded; nearly 2,000,000 acres of pasture were established or improved; over 3,200,000 acres of land received chemical fertilizers; terracing, contour furrowing, protected summer fallow, and other mechanical erosion controls and miscellaneous soil-building practices were put into effect on nearly 7,000,000 acres.

Class I payments were distributed approximately as follows: Sixty-five percent for diversion from the general base, 28 percent for diversion from the cotton base, 5 percent for diversion from the tobacco base, and less than 1 percent each for diversion of peanut acreage and for participation in the special sugar, rice, and flax phases of the program.

Sixteen percent of the total payments to farmers were for adoption of soil-building practices. Of the acreage on which these practices were carried out 82 percent was put into new seedings of soil-improving crops. These new seedings were made on nearly 43,000,000 acres, of which 78 percent were seeded to legumes alone or in mixtures, 18 percent to green-manure crops, and the remaining 4 percent to grass mixtures designed to establish or improve pastures. Five percent of the land on which payments in connection with soil-building practices were made, received applications of lime, superphosphate, or other approved chemical supplements. One percent of the acreage was terraced, and on 8 percent contour furrowing, protected summer fallow, or other mechanical erosion control practices were carried out.

CORN BELT AND GENERAL FARMING REGIONS

Estimates on participation and performance statistics from the States comprising the Corn Belt and general farming regions indicate that in those regions 62 percent of the total cropland was covered by applications for grants under the program. Ninety-nine percent of the diverted acreage was diverted from the general soil-depleting base. Ninety-eight percent of the class I payments were for diversion from the general base. Fifteen percent of the total payments were made for carrying out soil-building practices. Of the total acreages on which soil-building practices were carried out, 94 percent consisted of new seedings, while applications of lime and superphosphate were made on the remaining 6 percent.

THE COTTON BELT

In the Cotton Belt, it is estimated that 76 percent of the total cropland was covered under the program. Eighty-two percent of the diverted acreage came from the cotton base, 16 percent from the general soil-depleting base, and 0.5 percent from the special tobacco

base. Seventy-nine percent of the class I payments were for cotton diversion, 15 percent for diversion from the general base, 1 percent for tobacco diversion, 1 percent for peanut diversion, 1 percent in connection with the sugar program, and 2 percent in connection with the rice program. Thirteen percent of the total payments were for the adoption of soil-building practices. Of the acreage on which soil-building practices were carried out, 75 percent was put into new seedings; 4 percent was terraced; and contour furrowing, protected summer fallowing, and similar practices were carried out on 8 percent.

THE TOBACCO REGION

Seventy-one percent of the cropland in the tobacco region was under the program. Forty-four percent of the diverted acreage was diverted from the general base, 37 percent from the cotton base, and 17 percent from the tobacco base. Twenty-seven percent of the class I payments were made for diversion from the general base, 30 percent for diversion from cotton, 41 percent for diversion from tobacco, and 1 percent for diversion from peanuts. Twenty percent of the total payments were for carrying out soil-building practices. Of the acreage on which soil-building practices were carried out, 83 percent was put into new seedings, 16 percent received lime or superphosphate applications, and 2 percent was terraced.

THE WHEAT REGION

In the wheat region, 73 percent of the cropland was under the program, and practically all of the acreage diverted came from the general soil-depleting base, in this instance from wheat. Ninety-eight percent of the class I payments were for diversion from the general bases, 1 percent for compliance with the flax program, and 1 percent in connection with the sugar program. Eleven percent of the total payments were made for carrying out soil-building practices. Of the acreage on which these practices were followed 73 percent was put into new seedings, and on 27 percent contour furrowing, protected summer fallow, etc., were carried out.

THE DAIRY REGION

In the States comprising the dairy region 61 percent of the total cropland was under the program. Of the acreage diverted, 99 percent was from the general soil-depleting base. Ninety-three percent of the class I payments were for diversion from the general base, 3 percent for diversion from the tobacco base, 3 percent in connection with the flax program, and 1 percent in connection with the sugar program.

Twenty-three percent of the total payments were for soil-building practices, and of the acreage on which these practices were carried out, 93 percent were put into new seedings while 7 percent received applications of lime and superphosphate.

THE SPECIAL CROPS AREAS

In the special crops areas 34 percent of the cropland was under the program; 81 percent of the acreage diverted was from the general soil-depleting base, and 16 percent from the cotton base. Of the total class I payments, 74 percent were for diversion from the general base, 12 percent for diversion from cotton, 2 percent for diversion from

tobacco, and 1 percent for diversion from peanuts, while 6 percent were made in connection with the sugar program, 4 percent in connection with rice, and 1 percent in connection with flax. Thirty percent of the total payments were made for adopting soil-building practices. Of the total acreage on which such practices were followed, 56 percent was put into new seedings, 4 percent received lime applications, and on 32 percent contour furrowing, protected summer fallow, etc., were carried out.

THE RANGE LIVESTOCK REGION

In the range region 64 percent of the cropland was under the program; of the acreage diverted, 91 percent was from the general base, and 9 percent from the cotton base, chiefly on irrigated farms. Of the total class I payments, 74 percent were made for diversion from the general base, 13 percent for diversion from the cotton base, and 13 percent for participation in the sugar program. Thirty-three percent of the total payments were made for following soil-building practices. Of the total acreage on which such practices were carried out, 69 percent was put into new seedings, while contour furrowing, protected summer fallow, etc., were practices on 30 percent.

These data, in greater detail, are tabulated in table 3.

TABLE 3.—Data on participation and payments under the 1936 program by major type-of-farming regions

[Based on preliminary estimates]

Major type-of-farming regions	Percentage of total cropland covered in applications for grants	Percentage of total diverted acreage by major soil-depleting crops			Percentage distribution of class I payments for participation in 1936 program						Percentage of total payments made in class II payments	Percentage distribution among major soil-building practices, of total acreage on which soil-building practices were carried out			
		General	Cotton	Tobacco	General	Cotton	Tobacco	Pea-nuts	Sugar	Rice	Flax	New seedlings	Lime-stone, super-phosphate or other chemical applications	Terracing	Contour furrowing, protected summer follow, etc.
Corn Belt and general farming	62	99	1		98							94	6		8
Cotton Belt	76	16	82	0.5	15	79	1	1	1	2		75		4	
Tobacco	71	44	37	17	27	30	41	1				83	16	2	
Wheat	73	100			98				3		1	73			27
Pacific Northwest	47	100			97				1			61			39
Hard Spring	85	100			97						2	73			27
Hard Winter	62	100			100										16
Dairy	61	99			93		3		1			83			
Lake States	74	100			95				1		3	93	7		
Northeast	33	95		0.5	82						4	94	6		
Special crops	34	81	16	5	74	12	18					87	9		32
Range livestock	64	91	9		74	13	2	1	13	4	1	56	4		30
United States	67	70	29	1	65	28	5					82	5	1	8

XIV. REVISION OF PROGRAM FOR 1937 APPLICATION

The soil program developed for 1937 places more emphasis upon soil-building and makes available for soil-building practices a larger share of the payments. The general pattern is the same as that for 1936, but some important changes have been made on the basis of experience and the recommendations of farmers and others. The range program, which applied only to the Western Region in 1936, was extended to include range lands in western parts of the Southern and North Central Regions. Provisions were made more attractive to small producers who were given an opportunity to earn at least \$20, as compared with a minimum of \$10 the year before, to vegetable and fruit growers; and to producers with sizable acreages in permanent pasture.

The soil-depleting bases upon which diversion payments are calculated conform to the 1936 bases. This also is true for the special bases except that there is no special base for flax in the 1937 program.

A limit on corn acreage was established for farms in those parts of the North Central Region and Kansas where corn is a major crop. The aggregate of these limits is slightly smaller than the total acreage planted to corn in 1936. This limit was intended to prevent increases which might not only defeat the effort to conserve the soil, but which might result in price-reducing surpluses, if 1937 yields are normal. The program provides for a deduction from the payments for each acre of corn in excess of the corn-acreage limit. Deductions would be made at the rate paid for diversion from the general soil-depleting base.

Provisions also were made for establishing soil-conserving bases which constitute the normal acreages of soil-conserving crops for farms participating in the program. These bases will serve to measure increases in soil-conserving crops, and are in line with requests from producers for more rigid standards to measure performance. The soil-conserving base for all farms in the North Central and Western Regions is the total acreage of cropland, less the total acreage in all soil-depleting bases. For other regions the soil-conserving base is the average acreage of soil-conserving crops over a representative period.

RATES OF PAYMENTS FOR 1937 ESTABLISHED

All payments established for the 1937 soil-conservation program, and the rates of such payments are contingent upon Congress making available for 1937 the full sum of money, \$500,000,000, authorized under the Soil Conservation and Domestic Allotment Act. Furthermore, the program provides that the rates of payment may be increased or decreased by not more than 10 percent according to the number of farmers participating in the program. The rates as announced are based upon the expectation that 80 percent of the farmers of the Nation will participate in the program.

As in 1936, payments are divided into two classes; class I payments or diversion payments; and class II payments or soil-building payments.

The rate of payment for diverting land from the general soil-depleting base will average \$6 per acre for the United States. On farms for which a corn-acreage limit is established and observed this rate will be increased 5 percent. The maximum diversion on which this payment will be made is 15 percent of the general soil-depleting base.

In addition, the diversion payments include an average of \$3 per acre for increases in acreage of soil-conserving crops above the soil-conserving base. The maximum acreage on which this payment is proposed is the acreage diverted for payment from the general soil-depleting base. On farms for which a corn acreage limit is established this rate is increased 5 percent.

In the Northeast and East Central Regions and in most of the Southern Region, these two payments are combined into one payment of \$9 per acre, with a deduction of \$3 per acre for failure to match the acreage diverted from soil-depleting crops with an increased acreage of soil-conserving crops. In the Great Plains Region and in the Mountain and Pacific States, \$3 for each acre diverted from the general base will be added to the "soil-building allowance", which is the total amount that can be earned by adopting soil-building practices.

The rates for diversion from the cotton, tobacco, and peanut soil-depleting base and the maximum limit of diversion from the base for which payment will be made in 1937 are as follows: Cotton, 5 cents per pound, with a maximum acreage diversion limit of 35 percent; flue-cured, Burley, and Maryland tobaccos, 5 cents per pound, with a maximum acreage diversion limit of 25 percent; fire-cured and dark air-cured tobacco, 3½ cents per pound, with a diversion limit of 30 percent; Georgia-Florida type 62 tobacco, 6 cents per pound, with a diversion limit of 30 percent; Connecticut Valley types 51 and 52 tobacco, 4 cents per pound, with a diversion limit of 15 percent; other kinds of tobacco, 3 cents per pound, with a diversion limit of 25 percent; peanuts, 1¼ cents per pound, with a diversion limit of 15 percent. The rice and sugar payments are at the same rates as in 1936.

The rates for approved soil-building practices such as liming, terracing, reforestation, and seeding some soil-building crops are to be established for states and regions and are in line with those of 1936.

For 1937 the administrative expenses of all county agricultural conservation associations will be deducted from the payments to farmers in their respective counties. Under the 1936 program the county administrative expenses were deducted in the North Central, East Central, and Western Regions, but in the Southern and Northeast Regions were paid out of general administrative funds.

THE 1937 RANGE-IMPROVEMENT PROGRAM

The 1937 program for range lands in the livestock grazing regions of the West and Southwest, is similar to the 1936 program, except that the maximum range-building allowance which can be earned for a given ranch is limited to \$1.50 per animal unit of the normal carrying capacity of the ranch; the program applies to the range areas in the Southern and North Central Regions as well as in the Western Region; and deferred grazing, an additional practice or method of earning payment, has been added. Deferred grazing consists of protecting a given unit or section of the range on any ranch throughout the growing season in order that a maximum seed crop may be obtained from the natural forage plants. The protected areas may be grazed in the winter after the grass seed has matured, or it may be used the next spring. This practice is expected to be especially helpful in encouraging natural reseeding, and if the protected areas are rotated from year to year, should assist ranchers to improve their forage stand without materially affecting the number of livestock carried.

CHAPTER 2

ADMINISTRATIVE ORGANIZATION

Creation of the Agricultural Adjustment Administration within the United States Department of Agriculture was authorized in section 10 (a) of the Agricultural Adjustment Act approved May 12, 1933.

Under the authority of that act the production-adjustment programs of 1933-35, and marketing-agreement, surplus-removal, disease-eradication, and other programs were administered by the Agricultural Adjustment Administration. Since January 6, 1936, activities not affected by the Supreme Court decision of that date have been administered as originally. Measures for liquidating the production-adjustment and other programs terminated because of that decision have also been carried out.

The Agricultural Adjustment Administration, following the approval of the Soil Conservation and Domestic Allotment Act on February 29, 1936, was made responsible for executing the powers conferred upon the Secretary of Agriculture in sections 7 to 17 of that act. This was in accordance with section 13 of the act, which authorizes the Secretary of Agriculture to designate the Agricultural Adjustment Administration to execute these powers.

Sections 7 to 17 of the Soil Conservation and Domestic Allotment Act cover the agricultural conservation program of 1936 and the research and planning in connection with programs for succeeding years.

The Agricultural Adjustment Administration includes both Washington and field organizations. It is headed by an Administrator, who is responsible to the Secretary of Agriculture for all activities of the Agricultural Adjustment Administration, and who is assisted by such advisers, specialists, and other assistants as he finds necessary.

I. WASHINGTON ORGANIZATION

Within the Washington organization there is established, for administering the agricultural conservation program, a regional division for each of five main agricultural regions in the continental United States, and for the insular region. These regions are differentiated principally by the different types of farming carried on within them. Each regional division is under a director with such assistants and technical specialists as are required. Marketing agreements and surplus-removal programs are administered in the Division of Marketing and Marketing Agreements.

REGIONAL DIVISIONS

The regional divisions of the Agricultural Adjustment Administration are as follows:

The Northeast Division, for the region comprising the States of Connecticut, Massachusetts, Maine, New Jersey, New Hampshire, New York, Pennsylvania, Rhode Island, and Vermont.

The East Central Division, for the region comprising the States of Delaware, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia.

The Southern Division, for the region comprising the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas.

The North Central Division, for the region comprising the States of Illinois, Indiana, Iowa, Missouri, Michigan, Minnesota, Nebraska, Ohio, South Dakota, and Wisconsin.

The Western Division, for the region comprising the States of Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming.

In addition to these divisions that cover the programs for the continental United States, the Insular Division, under its director, is in charge of Agricultural Adjustment Administration activities in Puerto Rico and the Territories of Alaska and Hawaii.

The Marketing and Marketing Agreement Division, under a director, is in charge of marketing programs, surplus-removal programs, and programs designed to expand and develop both foreign and domestic uses and markets for agricultural products.

The Division of Finance, under its director, is charged with accounting responsibilities in connection with commodity loans and with cotton-option payments. The Director of this Division serves ex officio as treasurer of the Federal Surplus Commodities Corporation. Responsibility for general budgeting activities, records and accounts, field audits and field accounts, and administrative audits is concentrated under an assistant to the Administrator.

The Program Planning Division, under a director, conducts studies and researches to provide the basis for scientific planning of long-time soil conservation and other programs, and for coordinating these programs into a sound long-time system of land use that will effectuate the purposes of the acts under which the Agricultural Adjustment Administration operates.

The Consumers' Counsel Division, under the Consumers' Counsel, concerns itself with matters relating to the interests of consumers of agricultural products as those interests are affected by various programs planned or undertaken by the Agricultural Adjustment Administration.

The Division of Information is responsible for the preparation and dissemination of information on the various activities of the Agricultural Adjustment Administration and on the agricultural problems attacked through those activities. This Division, under its director, also makes reports, maintains permanent records, handles correspondence, and is in charge of the printing done by the Agricultural Adjustment Administration.

II. ORGANIZATION IN THE FIELD

In addition to the Washington organization there are employees and officials of the Agricultural Adjustment Administration in the field.

Certain administrative activities, such as filling out work sheets, checking performance under the programs, and examining and auditing applications for grants under the agricultural conservation program, are carried on in the field.

Each marketing agreement program is administered within the territory which it covers, by representatives of the industry concerned, with the advice and assistance of field representatives of the Marketing and Marketing Agreement Division. Diversion and other surplus-removal programs are likewise administered. The representatives of the industry include both growers and dealers, the growers having committees of their own which are an integral part of the administrative organization. Where growers have marketing cooperatives these are also represented on the dealers' committees. The growers' and dealers' committees together constitute the governing body of the agreement, subject to approval of the Secretary of Agriculture. Committees of growers have also given effective service in connection with the surplus-removal and diversion programs.

In 1936 there was set up in each State an agricultural conservation office, under supervision of the director of its regional division, in Washington, executing considerable administrative responsibility and authority within its own State. In these offices there are coordinated the determinations of soil-depleting bases and normal yields or productivity indexes recommended by county and local committees, and other functions in local and State administration of the 1936 agricultural conservation program.

In addition to State administrative matters these State offices, in the Southern, North Central, and Western divisions, include personnel engaged in examining applications for grants and certifying them for payment. They also include auditing personnel under the supervision of the General Accounting Office of the United States who preaudit all applications for grants in connection with the program, from producers within the State concerned. These applications are then forwarded to the nearest regional disbursing office of the United States Treasury where checks for the producers are made out and mailed. For the East Central and Northeast divisions these examining and auditing functions are performed in Washington.

From the beginning of the agricultural adjustment program in 1933 the State agricultural extension services of the State land-grant colleges have cooperated with the Agricultural Adjustment Administration in its field operations. The Agricultural Adjustment Administration has relied primarily upon the Extension Service for distribution of information to farmers and in some regions for clerical and administrative work in connection with both the production-adjustment and agricultural conservation programs. This cooperation between the two agencies of the United States Department of Agriculture has been continued through 1936.

National farm organizations have cooperated with the Agricultural Adjustment Administration in collecting and presenting farmers' views, opinions, and wishes as programs are formulated.

III. FARMER PARTICIPATION IN PLANNING PROGRAMS

Farmers in every farming area have opportunity to participate, and do participate, in planning the programs carried out by the Agricultural Adjustment Administration, and in determining the provisions of those programs. Participation in the programs themselves is wholly voluntary on the part of farmers, who decide for themselves whether they wish to adopt the soil conserving farm-management system which will qualify them to receive payments under the provisions of the program after it has been adopted.

In 1936, because the agricultural conservation program for that year could not be announced until late in the season it was impossible to obtain as much participation by individual farmers in planning the program, as would otherwise have been desirable. Regional meetings were held, however, and farmers were called to Washington to discuss the program in general, to present the problems, situations, and viewpoints of their various regions, and to represent the interest of the farmers in those regions.

During 1936 it has been possible to obtain a greater degree of individual participation by farmers in planning the program for 1937, and this program-planning activity has been one of the principal phases of the work of the Agricultural Adjustment Administration in 1936.

The county planning project through which data, estimates, and recommendations were obtained in 1935 and 1936 from farmers in some 2,400 agricultural counties, is discussed on pages 25 to 27. In addition, during the preparation of the 1937 program, meetings of farmers were held in hundreds of communities. The findings and recommendations developed in these meetings were forwarded through the county organizations to the State offices and thence to Washington. Further regional meetings for coordinating and sifting the recommendations from communities, counties, and States have been held, and the entire process culminated in a national program, in the planning of which each region and each type of farming was represented by farmers themselves or by farm specialists.

COUNTY AGRICULTURAL CONSERVATION ASSOCIATIONS

There are 2,711 county agricultural conservation associations organized in all regions except the Northeast, where such associations are being formed for the 1937 program. These organizations are formed under articles of association approved by the Secretary of Agriculture, and with an estimated membership of nearly 4½ million producers. Through these associations definite administrative, advisory, and other functions with regard to the program in the county, are delegated to officers and committeemen selected by farmers themselves.

Table 4 shows by States the number of county agricultural conservation associations formed in 1936, and the number of members of such associations, estimated on the basis of the applications made for grants under the program.

TABLE 4.—Numbers of county agricultural conservation associations formed in 1936, and members of such associations ¹ by States

Region and State	County associations	Members	Region and State	County associations	Members
East Central Region:			Western Region:		
Delaware.....	3	3, 950	Arizona.....	12	4, 000
Kentucky.....	118	165, 400	California.....	44	50, 000
Maryland.....	23	16, 500	Colorado.....	46	40, 000
North Carolina.....	99	176, 000	Idaho.....	41	25, 000
Tennessee.....	95	143, 550	Kansas.....	105	125, 000
Virginia.....	96	58, 500	Montana.....	49	40, 000
West Virginia.....	52	16, 100	Nevada.....	10	2, 000
Regional total.....	486	580, 000	New Mexico.....	31	17, 000
North Central Region:			North Dakota.....	53	120, 000
Illinois.....	99	116, 751	Oregon.....	36	21, 000
Indiana.....	91	103, 450	Utah.....	28	18, 000
Iowa.....	100	167, 193	Washington.....	38	25, 000
Michigan.....	81	101, 120	Wyoming.....	23	7, 000
Minnesota.....	88	132, 129	Regional total.....	516	494, 000
Missouri.....	114	141, 000	Northeast Region:²		
Nebraska.....	84	105, 000	Connecticut.....		3, 588
Ohio.....	88	110, 206	Maine.....		6, 611
South Dakota.....	63	90, 125	Massachusetts.....		3, 018
Wisconsin.....	68	162, 760	New Hampshire.....		2, 790
Regional total.....	876	1, 229, 734	New York.....		38, 639
Southern Region:			New Jersey.....		4, 085
Alabama.....	67	296, 000	Pennsylvania.....		41, 152
Arkansas.....	77	279, 000	Rhode Island.....		142
Florida.....	25	35, 250	Vermont.....		5, 855
Georgia.....	158	230, 000	Regional total.....		105, 880
Louisiana.....	60	132, 000	Grand total.....	2, 711	4, 325, 864
Mississippi.....	82	270, 000			
Oklahoma.....	77	172, 500			
South Carolina.....	46	162, 600			
Texas.....	241	338, 900			
Regional total.....	833	1, 916, 250			

¹ Membership estimated on the basis of applications made for payment.

² The number of participating farmers in the Northeast Region in 1936, estimated on the basis of applications for payment, is the number who would have been eligible for membership in county associations had they been organized in that year.

The county agricultural conservation associations succeeded the more than 4,000 county agricultural adjustment associations that were formed to assist in administering the commodity-adjustment programs in 1933-35. These commodity-adjustment associations, upon the termination of the production-adjustment programs were charged with a share of the administrative work in the liquidation of these programs.

Formation of the county agricultural conservation associations begins with community meetings of producers who expect to participate in the programs. Each producer who is eligible to receive a grant under the program is eligible to membership in the association and to vote in elections of officers and committeemen.

ADMINISTRATIVE EXPENSES OF COUNTY ASSOCIATIONS

Prior to June 24, 1936, administrative expenses of the county associations were paid with Federal funds through a letter of authorization issued to the executive official in each State. On that date there was approved Public Resolution No. 131, Seventy-fourth Congress, which authorized the Secretary of Agriculture to advance funds against the grants to producers which were to be made within the various counties, and to deduct administrative expenses of county associations from these advances, the administrative expenses to be prorated among the producers to whom grants would be paid.

This procedure was adopted in all regions except the Southern and Northeast Regions in 1936. It will be followed in all regions under the 1937 program.

IV. OPERATING THE PROGRAM

When the recommendations from farmers of all regions and all types of farming have been assembled and coordinated into a national farm program designed to serve the welfare of farming as a national industry and of the national economy as well, the provisions of this program are administered by an organization responsive to the requirements of different regions and even of individual farms. The outline of the organization in Washington has been given above.

STATE ADMINISTRATIVE ORGANIZATION

In all regions there is established in each State a committee, usually of five members, appointed by the Secretary of Agriculture upon the recommendation of the director of the regional division after consultation with the State Director of Agricultural Extension and frequently with State officials and with officials of the principal farm organizations. Only farmers are chosen as members, except that in the North Central Region, one member, selected by the State Director of Extension, is from the staff of the State agricultural extension service and in a few States in other regions one member of the committee is a representative of the State college of agriculture. Rotation and tenure of membership vary among regions and among States. One member of the committee is designated by the director of the regional division as chairman, and has charge of the State office and of coordinating administration in the State.

In the North Central Region the State committee has charge of the administration of the program in the State, and its duties include assigning and enforcing quotas to counties, handling the details of checking performance in connection with applications for payment, approving county administrative expenses, hearing appeals from decisions of county committees, and recommending changes in the program and assisting in the development of new programs.

In other regions the State committee advises the regional division director, the State Director of Extension, and the State executive officer on general policy within the State; makes recommendations with regard to modifications in the program and, with the approval of the State technical committee or after consultation with State experiment station and State extension service specialists, recommends specifications for soil-building and range-building practices; reviews the recommendations of county committees with regard to soil-depleting bases and productivity indexes for the counties, and recommends county limits; hears appeals of producers from decisions of the county appeals body; and recommends time limits for filing work sheets and applications for payment.

STATE EXECUTIVE OFFICER

In each State there is a State executive officer. In the North Central Region the chairman of the State committee, designated by the director of the regional division, serves as State executive officer and in

that capacity has charge of the State office; administers the program in the State in accordance with the policies of the State committee and the instructions of the director of the regional division, and performs, as its agent, some of the duties assigned to the State committee.

In the Western, Southern, Northeast, and East Central Regions, the State executive officer, who may also be designated as executive secretary or administrative officer, is appointed upon the recommendation of the regional division director after consultation with the State Director of Extension and the State committee, as a full-time employee of the Agricultural Adjustment Administration, or of the Agricultural Adjustment Administration and the State extension service or the State agricultural college.

In these regions the State executive officer has charge of the State office; directs the examination of applications for payments; calls meetings of the State committee and serves as its secretary; has custody of all material submitted by county committees; directs the analysis of base-acreage, yield, and other data and prepares the results of such analysis for consideration by the State committee and the regional division director; and recommends for approval by the director, the budget for each county association.

In all States in the Western Region except Kansas, a State technical committee consisting of members of the State agricultural college staff and the Department of Agriculture field staff has been appointed to advise with the State executive officer and the State agricultural conservation committee on technical problems. Members of these technical committees receive no compensation from the Agricultural Adjustment Administration. In all other States technical advice is obtained by informal contact with State experiment stations and State extension service specialists.

In other regions the State Director of Extension advises with the director of the regional division in making recommendations for appointments to the State committee and in the selection of the State executive officer. Detailed supervision of administrative work for which county and State committees are responsible, such as assigning bases and checking performance, may or may not be handled by the Director of Extension, depending upon arrangements with the individual States.

COMMUNITY AND COUNTY OFFICERS

In all regions where county agricultural conservation associations were organized in 1936 there were elections in each community, at which producers elected by popular vote a community committee consisting of a chairman, two additional members, and an alternate. The community committeemen assist in preparing, checking, and approving forms and documents filed in the community in connection with the program; recommend bases, productivity indexes, and normal yields for farms in the community; and assist in checking performance in connection with applications for grants. In the Northeast Region in 1936 farmer committees were appointed to assist in local administration.

Chairmen of the community committees constitute the board of directors of the county association. In counties with a small number of communities, both the chairmen and vice chairmen of the community committees, and even all members of the community committees,

may serve on the county board of directors. The county board of directors elects all elective officers of the association, and the members of the county committee. The board also prepares and submits the annual budget of the association. It may recommend changes in the boundaries of communities. In the Western and East Central Regions it hears appeals of members of the association from recommendations of the county committee. In the Southern Region the board appoints a committee to hear such appeals.

The president and vice president of the county association are elected by the county board of directors, and must be members of that board. The county board also elects a secretary and treasurer, who are not required to be members of the board, in all regions except the Southern Region, where the county agricultural extension agent serves as secretary of the association, and the assistant in agricultural conservation, or an employee of the county agent's office, serves as treasurer. In other regions county agents are eligible in nearly all States to be secretaries of county associations. In most counties in these States county agents have been elected to this position. In no case is the county agent eligible to serve as treasurer of the county association.

The president and vice president of the county association, and one other member of the board of directors, elected by the board, constitute the county committee in all regions except the Northeast, where the third member need not be a director. In the North Central Region in 1937 the county agricultural extension agent also serves, ex officio, as a member of the county committee without a vote, and in range counties in this region, ranchers have a special member representative on the county committee. In other regions additional members of the committee may be elected with the approval of the division director.

The county committees review all forms and other documents filed in their counties in connection with the program; supervise the establishment of bases, productivity indexes, and normal yields for farms in their counties; supervise preparation of applications for payment; and perform other administrative work in connection with the employment of clerical and other workers.

In all of the States in the East Central Region, most States of the Western and Northeast Regions, and some States of the North Central Region, the county agricultural extension agent, by virtue of his position of leadership in the agricultural work of the county, takes an active part in the administration of the program. In the Southern Region the county agent is primarily responsible for the administration of the program in his county, being designated in the articles of association as the representative of the Secretary of Agriculture in all matters relating to the agricultural conservation program within the county.

CHAPTER 3

MARKETING PROGRAMS

SALIENT FACTS ABOUT MARKETING PROGRAMS

1. Number of marketing programs in effect at the end of calendar year 1936:	
For dairy products.....	25
For other products.....	18
2. Number of producers affected by marketing programs for commodities other than dairy products in 1936.....	90, 000
3. Value of commodities produced by these growers.....	\$119, 000, 000

Unregulated competitive shipment of certain agricultural products such as fruits, vegetables, nuts, milk, and truck crops means that oversupplies follow scarcities on the same market, from day to day. When the market is over supplied, prices drop to the point at which the grower may not obtain a return sufficient even to pay his marketing costs, let alone his producing costs. The glut may be so great that the goods cannot be sold even at ruinously low prices, and are completely wasted.

Too small a supply, on the other hand, brings a wide swing and a sudden and unreasonable increase in the price to the consumer. This tends to discourage consumer demand for the product concerned. In the long run the consumer who is assured of a steady supply of farm goods at a uniform price, is better off than if he profits temporarily by a low price that injures producers, and then has to pay extremely high prices when the supply is inadequate.

Marketing costs are relatively inflexible. Packaging, freight, and similar charges are about the same, per unit of produce marketed, regardless of the price that the produce brings. When the price falls too low the grower has little or nothing remaining when the marketing costs are paid. When the price is too high the consumer is unable to purchase the same volume of goods that he would purchase if the price were reasonable.

Stabilizing supplies and prices at a balanced level benefits both grower and consumer, and prevents waste of the product. This stabilization, through adjustment of shipments to market demand, has been the principal objective of marketing programs undertaken through cooperative group action by producers over a period of more than 20 years. Experience in these cooperative programs has demonstrated that with proper adjustment of shipments to demand it is possible to market a greater quantity of a given product over a marketing season, at a price fair to consumers yet more remunerative to

growers, than if the crop is dumped on the market without regulation and without regard to what the market can take at a given time.

Stabilizing supplies and prices and avoiding waste, by balancing shipments to demand has been the fundamental principle of marketing programs carried on by the Agricultural Adjustment Administration, as it was the fundamental principle of the programs carried on cooperatively by farmers. Marketing agreements and orders under the Agricultural Adjustment Act as amended, are largely the outgrowth of the experience gained in the operation of the cooperative, industry-controlled programs of the past, with additional provision for preventing noncooperating minorities of producers and shippers from destroying the stability gained through the cooperative efforts of the majority.

Marketing programs for various agricultural commodities, designed to stabilize marketing conditions for these commodities and to improve the returns to their producers, have been carried on through 1936 by the Agricultural Adjustment Administration. These programs have enabled a larger number of producers to share in the benefits of adjusting shipments to market requirements, than would have shared had there been no programs. Generally improved economic conditions in the country as a whole, with a corresponding increase in consumer purchasing power, were additional factors in increasing returns to producers of fruits, vegetables, milk, nuts, and other special crops.

Responsibility for initiation of marketing programs rests largely upon the industry concerned. The Agricultural Adjustment Act as amended August 24, 1935, contains specific provisions relating to growers' approval and handlers' signature of marketing programs.

The amendments to the Agricultural Adjustment Act, approved August 26, 1935, provided, among other things, for substituting marketing orders for licenses, and specified the terms and conditions which may be included in the order. Under the act, the marketing agreement and order comprise component parts of a single program—a marketing agreement program—which is designed to control or regulate certain phases of the interstate commerce in a commodity for a particular region or market area.

The marketing agreement is a voluntary contract between handlers of a particular commodity and the Secretary of Agriculture. The order is in the nature of a regulation issued by the Secretary of Agriculture for the purpose of making the provisions of the agreement applicable to all handlers regardless of whether they signed the agreement. In effect, the order is issued primarily for the purpose of preventing minority groups of handlers from rendering the marketing agreement program ineffective.

Under the act, as amended in August 1935, the authority for issuing orders is limited to milk, fruits (except apples), vegetables, pecans, walnuts, soybeans, and naval stores. The amended act also provides that orders are not to be issued for fruits or vegetables for canning, except olives and asparagus.

I. MARKETING PROGRAMS FOR FRUITS AND VEGETABLES

For commodities other than dairy products, orders may be issued to supplement marketing agreements which have been signed by handlers of not less than 50 percent of the volume of the commodity

produced or marketed, or to make effective a program included in the marketing agreement on which a public hearing has been held, but which does not receive the signature of the necessary percentage of handlers concerned. In this latter situation, where 50 percent of the handlers do not sign the agreement, Presidential approval of issuance of the order is necessary, as well as the support of two-thirds of the producers. Before any order can be issued by the Secretary of Agriculture, the Secretary must determine that its issuance is favored by at least two-thirds of the producers concerned, or producers who produced for market at least two-thirds of the volume of the commodity for a representative period of time.

Redrafting of marketing programs in conformity with the provisions of the Agricultural Adjustment Act as amended in August 1935, was continued through 1936. Programs which formerly had been on a marketing agreement and license basis were revised, considered at public hearings held in the respective areas, and put into effect on a marketing agreement and order basis. By the end of 1936 seven marketing agreements and orders for products other than dairy products were in effect. These provided marketing programs for Pacific coast walnuts, California-Arizona citrus, western Washington vegetables, Florida citrus, southeastern watermelons, California fresh deciduous tree fruit, and Colorado peas and cauliflower. In addition, there were a marketing agreement and order for anti-hog-cholera serum. All new marketing programs have been developed on a marketing agreement and order basis.

PROGRAMS AFFECT 90,000 GROWERS

Marketing-agreement programs for fruits and vegetables and other specialty crops are administered by agencies of the Secretary of Agriculture, usually known as control committees, and composed of representatives of growers and handlers designated by the Secretary from nominations submitted to him by the industry concerned. The costs of operating these programs are prorated among the handlers on the basis of the volume of fruit handled by each.

During 1936, marketing-agreement programs directly affected about 90,000 growers in 10 States. The value of products produced by these growers was around \$119,000,000. Several surplus-removal and diversion programs supplemented operations under marketing agreement programs. Purchases of surplus commodities were made in practically every State of the United States in connection with efforts to improve marketing conditions for producers.

Growers and handlers of a product, by cooperating, can adjust the volume of that commodity sent to market in balance with market demands, thus reducing the marked fluctuations in market prices that are brought about by irregular shipments, and preventing shipments in excess of the quantity that will return a fair price to the grower.

METHODS OF REGULATING SHIPMENTS

The methods of regulating shipments now provided for in the Agricultural Adjustment Act and applied either separately, or in combination, through marketing agreement programs now in effect may be classified as follows: (1) Control of the rate of shipment to

market by limiting the total volume permitted to be shipped during each specified period, such as a week; (2) limitation of the volume of certain grades and sizes shipped; (3) prohibition of all shipments for short periods, sometimes called shipping holiday; and (4) a limitation of the total supply to be marketed during a season. Variations of these general methods have been employed in certain instances.

Adjusting shipments on a period-to-period basis has been one of the principal methods of supply control included in marketing-agreement programs for fruits and vegetables shipped fresh. Under this method a maximum volume of shipment is fixed for each period, usually 1 day or 1 week, and prorated among handlers and growers. The California-Arizona orange and grapefruit industry has regulated shipments in this manner continuously since January 1934.

The main purpose of this method of control is to bring about a more orderly movement of supplies to market throughout the entire marketing season.

Provisions for limiting or prohibiting the shipment of inferior grades and sizes of products are included in a number of programs now in effect for general crops.

This method tends to prevent losses resulting from shipping products of a quality or size which sell for less than the cost of harvesting, marketing, and transportation. For this reason the method is particularly suitable to areas marketing only a part of their total supply during a given period. Other objectives have been to improve prices by improving quality, and to eliminate inferior products and thus benefit from the higher prices and greater total returns from a smaller total volume.

Shipment control by prohibiting all movement for short periods has been employed by the southeastern watermelon industry and in the case of Bartlett pears under the California deciduous-tree-fruit agreement. In the case of Bartlett pears this regulation has been a part of the broader control of the rate of shipment to market since it delays shipments to concentration points from which movement is further regulated on a daily basis. Under the watermelon program the principal object of the "shipping holiday" is to prevent or reduce large accumulations of cars on track at terminal markets, which cause rapidly declining prices.

If this method is to prove most successful, growers and handlers must cooperate to prevent greatly accelerated shipments just before and just after the holiday. This type of shipment control is simple in operation and adaptable to industries in which it would not be practical to allot quotas of shipments to individual shippers and growers.

Another type of shipment-control measure provided for in the Agricultural Adjustment Act and used principally in marketing-agreement programs for dried fruits, nuts, and canning crops, limits the season total supply for a given market outlet. In programs such as that for Pacific coast walnuts, supplementary provisions for diverting into alternative uses the volume not permitted to be sold in the primary outlet are an additional and important feature.

PROGRAMS FOR VEGETABLES AND MELONS

Programs in effect in 1936 for vegetables and melons included marketing agreements and orders for Colorado peas and cauliflower; for western Washington lettuce, peas, and cauliflower; and for Florida,

Georgia, North and South Carolina watermelons. Purchases for diversion to relief channels were made in conjunction with regulations under the western Washington and Colorado programs.

VEGETABLES GROWN IN WESTERN WASHINGTON

The marketing-agreement program regulating the handling of fresh lettuce, peas, and cauliflower grown in western Washington has been in effect for 3 years. The major provisions for adjusting shipments to market requirements as contained in the marketing agreement and order now in effect are: (1) Limitation of total shipments by periods within the marketing season; (2) limitation of shipments by grades or sizes; and (3) uniform grading and inspection.

Because of heavy supplies due in part to unusual weather and a depressed market for peas, the Secretary of Agriculture, upon recommendation of the control board, issued a regulation prohibiting shipment in interstate or foreign commerce of peas grown in western Washington which graded less than 85 percent U. S. No. 1 grade. This regulation became effective July 7, 1936, and was continued with slight modification until July 31.

Supplementing the grade regulations during the heaviest marketing period, the Secretary approved regulations which permitted each shipper to move in interstate or foreign commerce not more than 50 percent of his total available supplies.

In order that growers would not lose all peas which they were forbidden to ship during the 9-day period when shipments were prorated, the surplus was diverted to canneries and to purchases for relief. About 55 cars were diverted from the fresh market into canning and 65 cars were purchased for relief distribution during the proration period. Subsequently, 32 additional cars were purchased for relief distribution.

The program involved the marketing of approximately 1,200 cars. Preliminary data indicate that the 1936 farm value of peas grown in Washington totaled over \$1,000,000, or nearly twice as much as in 1935, and about 70 percent above the 1932 total.

VEGETABLES GROWN IN COLORADO

The marketing agreement and order regulating the handling of fresh peas and cauliflower grown in Colorado continued a marketing program similar to that developed in 1934 under an agreement and license. The principal provisions include: (1) Regulation of shipments of peas and cauliflower by grades and by sizes; and (2) regulation of total railroad shipments. Abnormally heavy rainfall at harvesting time reduced the crop of peas and made it unnecessary to issue regulations for the 1936 marketing season.

While the total quantity of cauliflower shipped during 1936 was no greater than that shipped in 1935, it was marketed during a shorter period and under adverse conditions because of extreme heat in the major consuming centers. Under the marketing program the quality of the cauliflower pack was improved and the quantity somewhat restricted by a regulation limiting shipments to U. S. No. 1 grade of a specified pack. Because of the weather conditions under which the crop had to be marketed, the price to growers fell to about 15 cents per crate, despite this regulation. Consequently, on August 25, a further

regulation was issued, limiting total shipments to 15 cars daily for a 3-day period. This was followed by a third regulation which prohibited the loading of cauliflower for an additional 2-day period. By these restrictions of shipment, track holdings were so reduced as to cause the market to strengthen materially, and the price to growers increased from 15 cents per crate to 30 cents per crate.

About 95 cars of cauliflower, prevented by the restrictions from entering the usual market channels, were purchased by the Government for relief distribution.

WATERMELONS GROWN IN SOUTHEASTERN STATES

The marketing program for watermelons grown in Florida, Georgia, North Carolina, and South Carolina was operated during 1936 for the second year.

The Southeastern States ship watermelons from May to September. During that time they dominate markets east of the Mississippi River, especially in the North and South Atlantic States. The principal marketing problem in the watermelon industry is due to rapidly accelerated shipments through June and July, which oversupply terminal markets and reduce prices and sales by growers. The problem includes shipment of inferior quality watermelons which affect prices to growers.

The marketing agreement and order now in effect provide for periodic regulation of shipments by grade or size and regulation of movement by "shipping holidays" of not more than 48 hours. In the 1936 season two shipping holidays were necessary. At the end of June and again after July 18, when heavy shipments piled up in terminal markets, grower prices fell sharply and growers made few sales. Restriction of shipments for 48-hour periods resulted in a decrease of track holdings and a substantial strengthening in the terminal and f. o. b. prices. From July 25 to August 16 shipments of unclassified melons from the Southeastern States were prohibited.

The 1936 season was relatively favorable to the several thousand growers in the four Southeastern States. The average price received by growers was about 92 percent higher than in the previous season. Returns to growers, which had averaged \$2,170,000 in the 4 previous years, averaged about \$3,600,000 in 1936. Major factors accounting for the improved returns are the moderate supplies shipped and the improvement in consumer income.

PROGRAMS FOR DECIDUOUS TREE FRUITS

Because of the perishable nature of deciduous fruits, growers suffer considerable loss when markets are overloaded. This is especially true when the fruits are produced long distances from the market with high and fixed marketing charges prevailing. Marketing agreements have been found most useful in regulating the grade and size of fruit sent to terminal markets and in preventing gluts which cause direct losses to growers.

Purchases for relief distribution have supplemented some of the marketing regulations or, as in the case of apples, have enabled more profitable marketing of grower storage supplies of the heavy 1935 crop. Also, a plan for encouragement of exports and development of new domestic markets for Pacific coast fall and winter pears was made effective in 1936.

A marketing agreement and order for California fresh Bartlett and fall and winter pears, plums and Elberta peaches, affecting about 6,000 growers, was put into effect in May 1936, and replaced the agreement and license which had previously been in effect. The program under the agreement and order provides for prorating shipments for specified periods, regulating shipments by grades and sizes, and regulating daily shipments by what is known as the car concentration plan.

Plums were the first crop for which regulatory measures were put into effect under the agreement and order in 1936. Most of the small plums could not be sold at prices high enough to cover marketing charges. Small fruit was generally of poorer quality than the more mature fruit shipped.

Appropriate size-regulations for 16 of the major varieties of plums shipped were put into effect in an effort to reduce the volume of sales and standardize the quality of fruit shipped. Grower returns increased from about \$45,000 for the week ending June 20 to slightly more than \$200,000 for the week ending July 18. During this period, though approximately the same quantity of fruit was sold each week, there was a marked increase in the proportion of larger sizes shipped.

California Elberta peach shipments were subject to grade and size regulations under the marketing agreement program from July 3 to September 1. Shipments were limited to U. S. No. 1 grade or better, and the regulations required that 80 percent of the shipments be 75 or larger and not over 20 percent below size 80. As a consequence, the 1936 shipments were of unusual uniformity in quality and pack. Growers had the most successful season in recent years. In spite of a 500-car increase in Elberta shipments from 1935 to 1936, prices to growers were 5 to 8 cents per box higher.

For California interstate shipments of Bartlett pears, two types of regulation were used, namely limitation of sizes to be shipped and the car-concentration plan. Shippers were not permitted to ship in interstate or foreign commerce any pears smaller than size 180. In addition, each day from July 6 to September 6, only that quantity of Bartlett pears it was deemed advisable to ship, was permitted to move out of designated railroad or precooling concentration points. When accumulation of pears at concentration points became too great, loading for shipment to these points was restricted.

Despite the fact that shipments in the 1936 season were more than 1,000 cars above the 1935 total, prices per box to growers were within 3 cents of the 1935 price, and total returns to growers were about \$1,000,000 greater.

Under a surplus-removal program that supplemented the marketing program, 140,000 boxes of Bartlett pears were purchased for relief distribution. The purchase program removed surpluses of pears that were depressing the prices on both the fresh and canning market. Removal of the surplus brought about a firmer situation in cannery prices for growers in California, Oregon, and Washington through the rest of the season.

Approximately 1,400,000 bushels of apples were bought in the principal producing States during 1936 for relief distribution. These purchases relieved a critical storage supply situation, at the request of growers and shippers. Apples are not included among the products for which marketing agreements and orders are authorized under the Agricultural Adjustment Act.

PROGRAMS FOR WALNUTS AND PECANS

Steadily increasing production of English walnuts in the United States during a period of restricted consumer purchasing power has resulted in serious marketing problems during recent years.

The increase in domestic production of merchantable walnuts for sale in the shell offset the sharp decline in imports of unshelled walnuts, with consequent oversupply in the face of curtailed domestic demand. Total domestic production of merchantable walnuts plus unshelled imports averaged 698,000 bags annually during 1925 to 1930, as compared with an average of 681,000 bags during 1931 to 1935. Notwithstanding marked reduction in prices for domestic nuts, total disappearance of unshelled walnuts since 1930 has averaged only 513,000 bags annually.

Since the beginning of the 1933-34 season the walnut industry has operated under a marketing-agreement program limiting domestic supplies of merchantable walnuts to existing demand, and diverting surplus tonnage into export and shelling channels. This program has made it possible for total returns to growers to be increased, although returns from the surplus tonnage have averaged approximately 50 percent of domestic prices for unshelled walnuts. Under the 1935-36 program, over 557,000 bags of domestic walnuts moved into domestic consumption in shelled form, and approximately 254,000 bags were diverted. At the close of this season, 93,000 bags were carried over by packers into the following season.

Prices received by walnut growers for merchantable unshelled walnuts averaged 21.4 cents per pound during the period 1924 to 1928, inclusive. In 1932, growers received slightly over 9 cents. During the past 3 years, 1933-35 inclusive, total returns to growers for merchantable walnuts have averaged approximately 11.2 cents per pound.

Export markets for unshelled pecans are being developed through the operation of a diversion program inaugurated in the 1935-36 season. Under this program approximately 800,000 pounds of unshelled pecans were sold abroad during the 1935-36 marketing season.

The diversion program to encourage exports of pecans is being continued during the 1936-37 season. The need for continued encouragement of export outlets arises largely from further increases in production. The 1936 crop of improved pecans amounted to approximately 17,000,000 pounds, compared with an average of 13,000,000 pounds produced during the 4 preceding years, and an average of nearly 14,000,000 pounds during the 10 years, 1926-35.

PROGRAMS FOR THE CITRUS INDUSTRY

During 1936 the citrus industry in the California-Arizona area continued to operate under the provisions of a marketing program that has been continuously in effect since 1934. In the early part of 1936 a proposed marketing-agreement program for the Florida citrus industry was considered at a public hearing and later was made effective for the 1936-37 season, which starts in September.

The marketing agreement and order in the California-Arizona area provide for controlling the volume of fruit shipped by handlers in interstate commerce and to Canada, under regulations recommended by the control committee and approved by the Secretary of Agriculture.

The marketing agreement and order issued for the Florida citrus industry provide not only for regulating the volume of fruit shipped out of the State each week, but also for restricting shipments of grades below U. S. No. 2 and of price-discounted sizes.

During recent years, increases in production have made it more and more difficult for citrus growers in all citrus-producing regions to market their crops. At the beginning of the 1936-37 marketing season, official estimates indicated a citrus crop for all areas totaling approximately 88,000,000 boxes, the largest crop on record, and over 11,000,000 boxes greater than the crop in the 1935-36 season. Record production was indicated in each producing area.

While the marketing agreement program in effect for the California-Arizona area is largely designed to assist the industry in the orderly movement of oranges to market, the program in effect for Florida was made operative for oranges, grapefruit, and tangerines.

GRAPEFRUIT PRODUCTION BREAKS RECORDS

The most acute difficulties at the opening of the 1936-37 marketing season appeared to be centered around the marketing of grapefruit. National production of grapefruit was estimated at around 28,000,000 boxes, or 7,000,000 boxes more than in any previous season. Of this total, Florida appeared to have 17,500,000 boxes, which is only about 1,000,000 boxes less than the national grapefruit crop in the 1935-36 season. This State is the principal grapefruit-producing State, Texas ranking second with slightly less than one-half of Florida's production.

The marketing program, insofar as grapefruit is concerned, was supplemented at the beginning of the 1936-37 season with a program under which the Agricultural Adjustment Administration purchased surplus fresh fruit for relief distribution and, in addition, planned to purchase later in the season canned grapefruit juice for relief use. Purchases were to be carried out through the whole season in all of the grapefruit-producing areas of the country, in order to support the efforts of growers and shippers in improving marketing conditions.

Actual buying of surplus grapefruit started in Florida during the last week in October and was followed with purchases in Texas. By the end of 1936, a total of 622,500 boxes was bought in the two areas. Surplus grapefruit sold to the Agricultural Adjustment Administration was purchased in Florida on the basis of 46 cents per standard field box loaded bulk in cars, with 31 cents of this price scheduled to go to growers. Purchases in Texas were made on a comparable price basis, with growers scheduled to receive a tree price for grapefruit of \$7.50 per ton.

II. MARKETING PROGRAMS FOR DAIRY PRODUCTS

ECONOMIC STATUS OF THE DAIRY INDUSTRY

The dairy industry during 1936 experienced further gains in the economic recovery which began in 1933. The estimated cash receipts of farmers from sales of dairy products in 1936 were about 1.4 billion dollars. This represented increases of 11 percent over 1935, of 25 percent over 1934, and of 43 percent over 1933. The 1936 receipts were 26 percent below the 1925-29 average.

Several major factors have been associated with this improvement in the economic status of dairy farmers. These include a decrease in numbers of milk cows and a lower volume of total milk production, a marked improvement in demand conditions, an upward trend in dairy products prices, the Federal and State marketing programs, the disease-elimination programs, and Government purchases of dairy products.

The number of milk cows on farms reached a peak, about January 1, 1934, of 26,931,000. At that time the number of cows per 1,000 population was the largest since 1900 and total numbers the largest on record. The combined influences of the 1934 and 1936 droughts increased beef prices, and the disease-elimination programs have resulted in a decrease in milk cows of nearly 7 percent to 25,041,000 on January 1, 1937, on which date there were about 1.5 percent fewer milk cows than on the same date in 1936. The number per 1,000 of population is slightly smaller than the 35-year average and about in line with the long-time trend. The greatest increases in numbers of milk cows before 1934 occurred in the principal manufactured-dairy-products areas. Those areas were particularly affected by the droughts of 1934 and 1936 and have showed the greatest decreases in milk cows in recent years.

Total milk production on farms reached a peak estimated at 104.7 billion pounds in 1933, although farmers were feeding light rations and production per cow was low. As a result of the decrease in the number of milk cows and the shortage in feed-grain and hay supplies caused by the 1934 drought, estimated total milk production in 1934 was about 101.5 and in 1935 about 101.8 billion pounds, or about 3 percent below the 1933 production. Because of the drought total milk production in 1936 appears to have been only slightly above the 1935 total.

During the first half of 1936, production apparently averaged 2 or 3 percent above the 1935 level, higher production per cow more than offsetting the smaller number of cows. As the drought burned dairy pastures to the poorest condition on record, milk production declined sharply, particularly in the drought-affected butter-producing areas. By September 1, total milk production appeared to be down to 8 percent below the rate on the same date in 1935, and 5 percent below the level for September 1, 1934. Autumn rains resulted in remarkable recovery of pastures, while favorable prices for dairy products stimulated grain feeding, and an unusually large proportion of the cows were milked. Total milk production during the last 3 months of 1936 averaged well above the level for 1935.

The upward trend in farm prices of dairy products since the low point of the depression continued in 1936. Farm prices of dairy products as a group declined sharply from 157 percent of the prewar level in 1929 to 71 percent in March 1933. The averages for the last 4 years were 82 percent in 1933, 95 percent in 1934, 108 percent in 1935, and 120 percent in 1936. The 1936 average was the highest since 1930, though still 24 percent below the 1929 level.

FLUID MILK MARKETING AGREEMENTS AND ORDERS

The amendments to the Agricultural Adjustment Act, approved August 24, 1935, authorize the Secretary of Agriculture to enter into marketing agreements with milk producers and distributors, and to issue orders in conjunction with such agreements. The terms of a

marketing agreement are applicable and binding only upon the parties signing the agreement, while the terms of an order, similar in practically all important provisions to those of the marketing agreement with which it may be issued, apply to all persons or firms engaged in handling milk in the current of interstate or foreign commerce, or milk that directly affects the movement of milk in interstate or foreign commerce.

The principal provisions included in marketing agreements and orders for fluid milk markets relate to: (1) Classification of milk according to use and fixing or providing a method for determining the price of milk entering each use; and (2) prorating to producers the proceeds of sales to handlers. The Agricultural Adjustment Act as amended authorizes several methods of prorating to producers the proceeds of sales to handlers, these being, (1) the individual-handler pool, (2) the market-wide pool without rating, and (3) the market-wide pool with rating.

At the close of the calendar year 1936 fluid milk marketing licenses were in effect in Battle Creek, Mich.; Denver, Colo.; Des Moines, Iowa; Detroit, Mich.; Fort Wayne, Ind.; Kalamazoo, Mich.; Leavenworth, Kans.; Lincoln, Nebr.; Louisville, Ky.; New Bedford, Mass.; Omaha-Council Bluffs, Nebraska-Iowa; Quad Cities (Rock Island, Moline, and East Moline, Ill., and Davenport, Iowa); Richmond, Va.; San Diego, Calif.; Sioux City, Iowa; Twin Cities (Minneapolis and St. Paul), Minn.; and Wichita, Kans.

Orders were in effect in the District of Columbia; Dubuque, Iowa; Fall River, Mass.; Kansas City, Mo.; and St. Louis, Mo.

A marketing agreement was in effect in Topeka, Kans.

During the year 11 licenses were suspended or terminated. In several markets the licenses were superseded by marketing agreements or orders. In six markets suspension of the licenses was not followed by further programs under the act. These markets were Atlanta, Ga.; Evansville, Ind.; Grand Rapids, Mich.; Newport, R. I.; Phoenix, Ariz.; and Tucson, Ariz. Orders replaced licenses in Boston, Mass.; Dubuque, Iowa; Fall River, Mass.; Kansas City, Mo.; and St. Louis, Mo. In Topeka, Kans., a marketing agreement was developed to take the place of the license in that market.

In only one market, the District of Columbia, was an order issued where no license was previously effective. The Boston marketing order issued in February 1936 was the only one suspended during the year.

Various circumstances have occasioned these changes in the milk-marketing program. During 1936 much work was done looking to replacement of licenses by marketing agreements and orders under the amendments to the Agricultural Adjustment Act. In markets where there was much non-compliance and no general disposition to carry forward a supervised plan under a marketing agreement or order, or both, licenses have been terminated. In each case the license has continued in effect until it became clear that it no longer served a useful purpose and that there was not a sufficient desire for a marketing agreement or order.

The licenses still in effect at the end of 1936 remained because of a desire in the markets for continuation of assistance afforded by such plans and because there had not been sufficient time to complete, in

each market, the necessary study for adequate determination of the content of a suitable marketing agreement and order.

COOPERATION WITH STATE MILK-REGULATORY BODIES

Many States have found their efforts to regulate competition in milk markets within their borders hampered by the influx of milk from beyond the State's jurisdiction as to prices paid to producers. Only one State has attempted to regulate the price of milk bought in the State, irrespective of its ultimate destination. The principle of such regulation has not yet been tested in the courts. The Agricultural Adjustment Act authorizes the Secretary of Agriculture to cooperate with the several States in developing uniform programs and to issue orders complementary to orders of the States regulating the handling of milk. States have been assisted on their programs in general and particularly in developing their orders in such a way as to facilitate the issuance of an order by the Secretary complementary to the State order.

PROBLEMS COMPLICATED BY UNCERTAIN LEGAL STATUS OF ORDERS

The problems of rendering the assistance desired by the milk industry and the several States have been much complicated during 1936 by the uncertainty of the status of the Agricultural Adjustment Act resulting from the *Hoosac-Mills* decision of the Supreme Court, and the outcome of subsequent litigation with respect to milk orders.

Two decisions handed down in Federal district courts during the year vitally affected the development of the milk program. In the first case, known as the *Buttrick case*, which arose under the order regulating the handling of milk in the Boston marketing area, the Government sought to enjoin certain handlers from violating the order. The court dismissed the bill for want of jurisdiction, and held that the issuance of such an order was but one of the means provided in the Agricultural Adjustment Act for effectuating a purpose declared by the United States Supreme Court to be beyond the constitutional power of the Federal Government. As a result the Government was forced to suspend the Boston order.

The second case in 1936 arose under a similar order applicable to the District of Columbia. In this case certain producers sought to restrain the Secretary from enforcing the order. Here the court adopted the view taken by the Massachusetts court in the *Buttrick case* and in addition condemned the order as an unwarranted interference with the right of producers and distributors to contract for the sale or purchase of milk, and as containing features which "control, or at least, attempt to control the production of milk." Appeals have been filed in these cases.

EVAPORATED MILK AND DRY SKIM MILK MARKETING PROGRAMS

The first marketing agreement for evaporated milk went into effect on September 9, 1933, after a series of conferences with processors on means to improve the unfavorable situation in the industry which had resulted from an expanding output, accumulating stocks, and depressed, unstable farm prices of milk delivered at condenseries. It was replaced on May 31, 1935, by the present agreement and license. Manufacturers of the major part of the evaporated milk output signed

the new agreement and requested a supplementary license applicable to the whole evaporated milk industry. Such a license, containing provisions similar to those of the agreement, was issued by the Secretary of Agriculture.

The new agreement and license provide for the filing of each manufacturer's selling prices with the Secretary and with the managing agent; for uniform discounts, allowances, and other fair trade practices; for minimum prices to farmers of milk delivered to condenseries; and for producers' and manufacturers' committees to deal with problems relative to the operation of the agreement. The filed lists of selling prices include the terms of sale for each size, quantity, and brand of evaporated milk by sales areas. They may be changed by filing new or amended lists. The minimum prices to producers are based on butter and cheese prices.

The agreement and license have continued to exert a steadying influence on wholesale prices of an expanding output of evaporated milk and have tended to keep prices of milk delivered at condenseries at least relatively as high as prices of milk used for other purposes. Prices paid to farmers for milk at condenseries in 1936 averaged \$1.56 per hundred pounds, 16 percent above the 1935 average and 75 percent above the average for the first half of 1933 before the first agreement was adopted.

The present marketing agreement for dry skim milk went into effect on September 16, 1933. It was requested by manufacturers because of the unsettled conditions accompanying undesirable trade practices, declining prices to manufacturers, and resulting low farm prices. Practically the entire dry skim milk industry is operating under the agreement.

The agreement provides for filing, with the Secretary and with the managing agent, of manufacturers' selling prices by grades, brands, quantities, and sales areas; for manufacturers' monthly reports to the managing agent on production, sales, and stocks; for uniform discounts and allowances and adherence to other fair trade practices.

The agreement has brought about much improvement of marketing conditions in the industry and has been a contributing factor to the upward trend in prices. Manufacturers' wholesale prices of dry skim milk in 1936 averaged 8.28 cents per pound, 40 percent above the 1935 average and double the average for the first half of 1933 before the agreement was adopted.

CHAPTER 4

SURPLUS-REMOVAL OPERATIONS

SALIENT FACTS ABOUT SURPLUS-REMOVAL OPERATIONS

1. Total cost of farm commodities acquired by Commodities Purchase Section in 1936.....	\$13, 328, 835. 53
2. Expenditures under 1935 cotton-price-adjustment payment plan.....	39, 545, 331. 51
3. Expenditures in 1936 for removal of price-depressing surpluses of dairy products.....	24, 541, 818. 86
4. Expenditures in eradication of cattle diseases in 1936 (approximately).....	36, 699, 426. 00

In recent years it has been demonstrated that for certain agricultural industries, market-expansion and surplus-removal programs are the most practical means of supplementing the efforts of producers and their marketing organizations to prevent excess supplies of farm products from leading to farm-price collapses, waste of supplies, and eventually to unemployment in the cities.

Congress has recognized the desirability of enabling consumers who lack purchasing power to use some of these excess supplies, and on three occasions in 1932 and 1933 authorized the Federal Farm Board to make available to the Red Cross, for relief distribution, some of the wheat and cotton which the Board had accumulated in the program for supporting farm prices of these commodities.

In continuation of this policy and in order to utilize surpluses of farm products and yet dispose of them in such a manner that disastrous farm-price reductions would be avoided, agricultural legislation enacted since March 1933 has vested in the Secretary of Agriculture powers for bringing about "the expansion of markets and removal of surplus agricultural products." In amendments to the Agricultural Adjustment Act, approved in August 1935, these powers of the Secretary were more specifically enumerated.

During 1936 three types of surplus-removal programs have been in effect: (1) Those for encouraging increased domestic and export demand for farm products; (2) those for diverting such commodities into new, or byproduct, or low-value uses; (3) those for diverting such products from normal trade channels by purchasing them for relief distribution. Programs of the last-named type were coordinated in 1936, as in 1934, with certain drought-relief and flood-relief activities.

I. PROGRAMS FOR ENCOURAGING INCREASED DEMANDS FOR FARM PRODUCTS

1935 COTTON PRICE-ADJUSTMENT PAYMENT PLAN

The most important surplus-diversion program for encouraging increased domestic and export demand was the 1935 cotton price-adjustment plan put into effect in August 1935 and later modified somewhat as a result of the Hoosac Mills decision of the Supreme Court. This program provided for paying to cotton producers the difference between 12 cents and the average price of cotton, if lower than 12 cents, prevailing at the 10 designated spot-cotton markets on the day on which the producers sold their cotton. Such payments were limited to not more than 2 cents per pound and applied only to cotton growth in 1935.

The program was inaugurated after the 12-cent cotton loan was discontinued. The 12-cent loan had resulted in certain difficulties, some of which were reflected in a decline in the movement of American cotton into regular trade channels. Immediately upon the inauguration of the cotton price-adjustment payment plan, domestic consumption of cotton rose, the increase amounting to 14 percent for the last 5 months of 1935 as compared with the same period in 1934. Cotton exports also increased about 44 percent for the same period. For the full cotton-marketing year ended July 31, 1936, domestic consumption increased by about 18 percent and exports by 24 percent as compared with the preceding year's figures.

The cotton price-adjustment plan was in effect from August 22, 1935, to August 15, 1936, after which date no more applications for payment were accepted. Cotton price-adjustment payments in 1936 to about 1,200,000 producers, in connection with the sale of about 7,500,000 bales of cotton from the 1935 crop, are shown by States in table 5. Administrative expenses in connection with this program have totaled about \$3,000,000.

TABLE 5.—*Payments in 1936, by States, under the 1935 cotton price-adjustment plan*

State	Amount	State	Amount
Alabama.....	\$4,668,659.38	Missouri.....	\$576,415.08
Arizona.....	333,875.87	New Mexico.....	189,345.50
Arkansas.....	3,190,707.67	North Carolina.....	1,676,563.74
California.....	574,363.02	Oklahoma.....	1,234,925.62
Florida.....	128,967.18	South Carolina.....	3,012,998.60
Georgia.....	4,376,779.75	Tennessee.....	1,105,965.64
Illinois.....	1,489.90	Texas.....	9,808,794.53
Kansas.....	254.30	Virginia.....	68,446.60
Kentucky.....	24,290.63		
Louisiana.....	2,745,066.92	Total.....	39,545,331.51
Mississippi.....	5,827,421.58		

Funds for financing the 1935 cotton price-adjustment payment plan were obtained from the customs receipts under the provisions of section 32 of the amendments to the Agricultural Adjustment Act approved in August 1935. This section appropriated money from the customs receipts, to make payments in connection with encouraging greater demands and new outlets for agricultural commodities.

Other programs in effect in 1936, that were designed to encourage the exportation of agricultural commodities under the provisions of

section 32 of the amendments to the Agricultural Adjustment Act, related to wheat from the Pacific Northwest, dark fire-cured and air-cured tobacco, Pacific coast walnuts, papershell pecans, substandard prunes, and certain varieties of winter pears. Exports of these commodities have been encouraged by direct payments in connection with the exports of the commodities themselves. All of these commodities except walnuts and pecans have long been dependent upon export outlets.

EXPORTING PACIFIC NORTHWEST FLOUR TO THE PHILIPPINE ISLANDS

The program for exporting to the Philippine Islands flour milled from Pacific Northwest wheat was a continuation, in part, of the program in effect during the 1933-34 marketing season under which the equivalent of some 28,400,000 bushels of wheat was exported. The earlier program was designed to meet a special situation in the Pacific Northwest caused by the restriction of export outlets for a type of wheat not customarily used for milling purposes in other sections of this country. Under the flour-exporting program of 1936 the equivalent of some 863,000 bushels of wheat was sold for export during the 1935-36 fiscal year, with an average subsidy of 18.5 cents per bushel. During the first half of the 1936-37 fiscal year sales for export, under the program, were the equivalent of 1,114,000 bushels of wheat, with an average payment of 15.7 cents per bushel.

Although the importance of the Philippine market has temporarily been lessened because of the 1936 drought, this small volume of exports aided in keeping flour from the Pacific Northwest in these markets and enabled exporters to maintain their foreign selling organizations pending the time when wheat and flour from the Pacific Northwest may find expanded foreign outlets.

PROGRAMS FOR WALNUTS AND PAPERSHELL PECANS

The export program for walnuts and papershell pecans in the shell have been in effect for both the 1935 and 1936 crops. Combined production of these two commodities in 1935 was the largest in the history of the industries. Because of the low price level resulting from this fact and because of certain difficulties in administering the walnut marketing agreement, funds authorized in section 32 of the amendments to the Agricultural Adjustment Act were used to indemnify the walnut control board which administered the program, for a considerable part of the difference between the price it received for walnuts from the surplus pool sold for export or shelling, and the price for nonsurplus walnuts sold in the shell. These funds were, in turn, paid by the control board directly to walnut growers.

PROGRAMS FOR OTHER AGRICULTURAL COMMODITIES

Payments were made in connection with the exportation of certain varieties of winter pears to a limited number of export markets where neither local production nor trade agreements with other countries were likely to influence the importing countries to take retaliatory measures.

Payments in connection with the exportation of substandard prunes were incidental to the diversion of such prunes from the regular

commercial pack into byproducts for either domestic or foreign utilization.

A number of other programs for encouraging exports were considered by the Agricultural Adjustment Administration during 1936. In most instances a careful analysis of these proposals in conference with their proponents indicated that export subsidies would not be effective in regaining lost foreign markets or expanding existing or new outlets, and that in some instances such subsidies might seriously endanger existing foreign outlets, some of which have been expanding as a result of the trade-agreements program.

II. PROGRAMS FOR DIVERTING FARM PRODUCTS INTO NEW USES

Programs for removing surpluses by finding and developing new foreign and domestic outlets and uses were operated for the most part through agreements between industry groups and the Secretary of Agriculture, under which agreements the industry groups were authorized to acquire specified quantities of surplus commodities at stipulated prices, and to divert these supplies to new outlets or uses. The difference between the cost of the commodity to the industry group, plus incidental handling costs, and the selling price for diversion uses, was paid by the Secretary of Agriculture.

Surplus diversion programs of this type in operation during 1936 included measures for finding new uses for cotton; diverting substandard dates, figs, and prunes to byproduct outlets; diverting fresh fall and winter pears to new domestic markets; diverting walnuts from the unshelled to the shelled trade; diverting peanuts into crushing for oil and meal; and diverting tobacco into nicotine for use in industry and agriculture. In the cases of Puerto Rican coffee and of winter pears, payments were made for the geographical diversion of surpluses—coffee from Puerto Rico to the continental United States, and winter pears from the Pacific coast to markets in the Southern and Midwestern States to which they have not heretofore moved in commercial quantities.

EXPERIMENTAL PROJECT FOR USE OF COTTON IN ROAD BUILDING

In a program for developing new outlets for surplus cotton, several thousand bales in the form of fabric binders for bituminous-surfaced roads and of mats for use in curing concrete, were made available in 1936 to State highway departments, for experimental road-building projects.

More than 6,166,500 square yards of cotton fabric, or nearly 4,000 bales, enough for building 578 miles of new road, were used by 24 States in the fabric-reinforcement project. Between 4,000 and 4,500 bales were used to construct 89,500 mats for concrete-curing projects in 23 States.

The binders are designed to reinforce secondary or farm-to-market roads where heavy trucking and severe climatic conditions have run up an enormous seasonal repair bill.

The mat project was developed on the basis of tests made by the Bureau of Public Roads and the State highway departments of Texas and Pennsylvania. The use of mats or bats on concrete simplifies the curing problem by helping to maintain proper moisture and temper-

ature conditions. Highway engineers and contractors have heretofore hesitated to use mats for curing concrete because of their cost. Large-quantity buying has reduced the cost of the mats considerably and they can be used from 50 to 75 times.

Each year 20,000 miles of bituminous-surfaced roads are constructed in the United States and 45,000 miles of such roads are repaired. These figures suggest the market for cotton that may be developed through the use of this fabric as binders in such roads.

III. PROGRAMS FOR PURCHASING SURPLUSES FOR RELIEF DISTRIBUTION

In 1936 a wide variety of surplus products, including fruits, vegetables, grains, eggs, dairy products, and cotton goods, were bought by the Commodities Purchase Section of the Agricultural Adjustment Administration and distributed for relief use, through the Federal Surplus Commodities Corporation. This corporation is the principal agency through which such surplus commodities, bought by the Agricultural Adjustment Administration in order to relieve price-depressing effects on the market, are distributed under programs designed to increase returns to producers, prevent waste, and encourage domestic consumption of farm goods.

DISTRIBUTION THROUGH FEDERAL SURPLUS COMMODITIES CORPORATION

The Federal Surplus Commodities Corporation was chartered October 4, 1933, under the laws of Delaware, as the Federal Surplus Relief Corporation, a nonprofit corporation without capital. On November 18, 1935, the charter was amended to change the name of the corporation and to transfer its direction from the Federal Emergency Relief Administration to the United States Department of Agriculture. With this change, emphasis shifted from relief aspects to the agricultural aspects of the corporation's functions.

Surplus farm products purchased in 1936 came from practically every major producing area in the United States and were distributed for relief use in all States. It is estimated that up to the end of 1936, approximately 7 billion pounds of price-depressing foodstuffs, with an estimated total value of more than 45 million dollars, had thus been made available for relief distribution. Some of the commodities bought for relief distribution during 1936 required processing before they were distributed. These commodities included Government-purchased cattle from drought areas converted into edible meat products, and surplus wheat milled into flour and feed for relief distribution.

During 1936 a large proportion of the surplus farm products bought for relief use was purchased with funds made available under the provisions of section 32 of the amendments to the Agricultural Adjustment Act. Funds from this source were also used during the 1936 drought to buy surplus cattle and prevent severe price breaks which otherwise might have resulted from the rush of drought-distressed cattle to market.

Furthermore, the Jones-Connally Act of April 1934 authorizes surplus-removal programs for the dairy and beef cattle industries and contains specific authorization for the purchase of dairy and beef

products for relief distribution. The Jones-Costigan Sugar Act of May 1934 authorizes purchase of surplus sugar produced in the United States beet-sugar area for disposal by sale or otherwise, including distribution for relief of the unemployed, and the Soil Conservation and Domestic Allotment Act authorizes the use of funds for expanding domestic and foreign markets, for seeking new and additional markets for agricultural commodities, and for the removal of surpluses of such commodities.

The purchases served to reduce excessive stocks of the various products that were seriously depressing prices.

Payments for removal of surpluses and quantities of commodities purchased during the calendar year 1936 are shown in table 6.

TABLE 6.—Statement of commodities procured by commodity purchase section, 1936

Commodity	Quantity	Commodity cost	Estimated transportation, storage, and processing costs	Total
Section 32 funds:				
Apples (fresh)..... bushels..	1, 372, 275	\$916, 414. 37	¹ \$254, 838. 30	\$1, 171, 252. 67
Beans (dried)..... pounds..	2, 400, 000	57, 300. 70	11, 036. 30	68, 337. 00
Cabbage..... do.....	8, 751, 931	56, 759. 92	51, 777. 65	108, 537. 57
Carrots..... do.....	2, 637, 900	24, 663. 80	2, 320. 00	26, 983. 80
Cauliflower..... crates.....	78, 670	45, 677. 00	33, 377. 40	79, 054. 40
Grapefruit..... boxes.....	653, 943	324, 013. 11	431, 338. 08	755, 351. 79
Onions..... pounds.....	35, 340, 400	324, 755. 88	231, 089. 39	555, 845. 27
Oranges..... boxes.....	198, 312	194, 489. 50	105, 105. 36	299, 594. 86
Peas (dried)..... pounds.....	13, 082, 295	232, 531. 08	80, 918. 50	313, 449. 58
Peaches (dried)..... do.....	2, 940, 000	227, 850. 00	23, 419. 20	251, 269. 20
Pears (fresh Bartlett)..... boxes.....	234, 682	201, 473. 02	129, 040. 80	330, 513. 82
Prunes (dried)..... pounds.....	54, 192, 425	2, 436, 815. 81	¹ 433, 785. 28	2, 870, 601. 09
Sirup (cane and sorghum)..... gallons.....	263, 068	92, 132. 96	6, 215. 00	98, 347. 96
Eggs (shell)..... cases.....	31, 472	194, 604. 48	4, 000. 00	198, 604. 48
Wheat for flour..... bushels.....	3, 041, 824	2, 471, 143. 76	1, 176, 902. 95	3, 648, 046. 71
Cattle and calves for dressed beef and veal head.....	3, 663	96, 164. 45	11, 182. 78	107, 347. 23
Cotton (raw baled)..... bales.....	50, 000	2, 646, 100. 59	183, 821. 79	2, 829, 922. 38
Cotton fabric..... yards.....	2, 906, 896	351, 594. 66	15, 547. 90	367, 142. 56
Cotton road mats..... pieces.....	89, 535	355, 266. 95	11, 219. 55	366, 486. 50
Cotton ticking..... yards.....	4, 750, 076	502, 454. 36	13, 304. 54	515, 758. 90
Total section 32 funds.....		11, 752, 206. 40	3, 210, 241. 37	14, 962, 447. 77
Jones-Connally funds:				
Butter..... pounds.....	2, 951, 303	852, 564. 36	(?)	852, 564. 36
Cheese..... do.....	932, 038	143, 083. 26	(?)	143, 083. 26
Milk (dry skim)..... do.....	3, 595, 663	299, 629. 51	(?)	299, 629. 51
Milk (evaporated)..... cases (48 tall).....	141, 660	335, 352. 00	(?)	335, 352. 00
Total Jones-Connally funds.....		1, 630, 629. 13	(?)	1, 630, 629. 13
Grand total.....		13, 382, 835. 53	3, 210, 241. 37	16, 593, 076. 90

¹ Transportation costs, in a few instances, borne by Federal Surplus Commodities Corporation.

² All transportation costs borne by Federal Surplus Commodities Corporation.

Surplus-removal programs have been so administered that even small but properly timed purchases of certain surplus may have beneficial results far outweighing the actual operations involved.

Purchases and relief distribution of farm products have been carried out under programs that were designed to increase domestic or foreign demand for the product concerned, by introducing it to new consumers who, when their purchasing power is restored, will remain in the market for the commodity as buyers.

PURCHASE OF SURPLUS DAIRY PRODUCTS

Purchases of surplus dairy products that were exerting a price-depressing influence in commercial channels, and distribution of these products through relief channels, were continued in 1936. These purchases were made by the Agricultural Adjustment Administration through the Commodities Purchase Section.

Under these programs cheese, dry skim milk, and evaporated milk were acquired entirely on the basis of competitive bids; butter was purchased partly on the bid basis and partly through organized mercantile exchanges. Funds for these purchases were obtained from reappropriations of funds authorized by the Jones-Connally Act approved April 7, 1934. All purchases were donated to the Federal Surplus Commodities Corporation for distribution among families on relief.

Quantities of dairy products purchased during 1936 were small as compared with quantities purchased in 1935. The surplus problem was less pressing because drought in 1936 reduced supplies and because the consumers' economic position was better than in 1935.

Approximately 2,951,000 pounds of butter, 932,000 pounds of cheese, 3,595,000 pounds of dry skim milk, and 6,160,000 pounds of evaporated milk were purchased at a cost of \$1,629,616.25. Total expenditures in the purchase of dairy products from August 1933 through December 31, 1936, amounted to \$24,541,818.86. (See table 7.) Although no effort was made to peg prices at any particular level, purchases were made when it appeared that the market was in an unstable position, and thus had the effect of bolstering up sagging prices.

TABLE 7.—Quantity and cost, exclusive of administration, of dairy products purchased with Agricultural Adjustment Administration funds, by storage years, August 1933–December 1936.

Storage year	Butter		Cheese	
	Quantity	Value	Quantity	Value
	<i>1,000 pounds</i>	<i>Dollars</i>	<i>1,000 pounds</i>	<i>Dollars</i>
Aug. 1933–April 1934.....	45,772	10,014,135.26	6,346	943,082.45
May 1934–April 1935.....	16,176	4,631,033.38	11,581	2,092,538.35
May 1935–April 1936.....	8,681	2,271,659.95	192	31,477.23
May 1936–Dec. 1936.....	1,324	363,176.75	932	143,083.26
Totals.....	71,953	17,280,005.34	19,051	3,210,181.29

Storage year	Skim milk		Evaporated milk		Value all products
	Quantity	Value	Quantity	Value	
	<i>1,000 pounds</i>	<i>Dollars</i>	<i>1,000 pounds</i>	<i>Dollars</i>	<i>Dollars</i>
Aug. 1933–April 1934.....					10,957,217.71
May 1934–April 1935.....	6,526	383,158.70	37,596	1,974,674.54	9,081,404.97
May 1935–April 1936.....	10,188	667,307.97	9,431	461,636.80	3,432,081.95
May 1936–Dec. 1936.....	2,723	229,502.22	6,159	335,352.00	1,071,114.23
Totals.....	19,437	1,279,968.89	53,186	2,771,663.34	24,541,818.86

IV. PROGRAM FOR ELIMINATION OF DISEASED CATTLE

Measures to accelerate and extend the 20-year old Federal-State cooperative program for elimination of bovine diseases in cattle, through the use of funds appropriated to the Agricultural Adjustment Administration, were launched in July 1934. These measures were administered through the Bureau of Animal Industry, in cooperation with State agencies, with funds allotted by the Agricultural Adjustment Administration.

The program for elimination of cattle infected with bovine tuberculosis has been materially expanded, and a program for eliminating cattle with Bang's disease begun.

In order to carry on this work Congress on April 7, 1934, in section 6 of the Jones-Connally Cattle Act, authorized the appropriation of \$50,000,000 to enable the Secretary of Agriculture to take steps to eliminate diseased dairy and beef cattle, including those affected with tuberculosis and Bang's disease, and for other purposes. In order to continue the disease-elimination program, and for other authorized purposes, Congress in 1935 reappropriated the unexpended balance of the funds appropriated in section 6 of the Jones-Connally Cattle Act and authorized the appropriation of an additional \$40,000,000, of which amount \$10,000,000 was actually appropriated. On June 4, 1936, Congress reappropriated \$21,364,000 from any unobligated balances of the appropriation made for cattle disease elimination and continued their availability, together with any unexpended balance of the \$10,000,000 previously appropriated pursuant to section 37. These funds remain available until June 30, 1937.

BOVINE TUBERCULOSIS

Most of the bovine tuberculosis work in 1936 consisted of testing cattle under the area plan. During the year, 15,268,618 tuberculin tests were applied to cattle in 1,077,098 herds and 124,111 reactors were eliminated. (See table 8.) The percentage of reactors among the cattle tested in 1936 was 0.6 percent, which was the lowest degree of infection since 1917, when tuberculosis eradication was started. In July 1934 when Agricultural Adjustment Administration funds were first allocated for this program, the percentage was 2.9.

During the calendar year the expenditures from funds allocated by the Agricultural Adjustment Administration for the cattle tuberculosis work amounted to \$3,910,263. Indemnity payments to cooperating cattle owners could be made from these funds without requiring payment from the cooperating States, territories, or counties. This permitted material advances in the work in areas where no State, territory, or county funds were available.

TABLE 8.—*Summary, tuberculin-testing under regular Federal appropriation and LaFollette Amendment to the Jones-Connally Cattle Act, Jan. 1, 1936 to Jan. 1, 1937*

State	Number of tests		Reactors	Percent reactors are of total cattle tested
	Herds	Cattle		
Maine.....	7,848	65,311	86	0.13
New Hampshire.....	15,204	130,880	217	.17
Vermont.....	18,178	352,097	1,891	.54
Massachusetts.....	26,082	236,580	1,229	.52
Rhode Island.....	4,219	36,864	1,254	3.40
Connecticut.....	19,511	208,287	1,239	.59
New York.....	139,763	2,075,444	11,329	.55
New Jersey.....	19,481	225,682	1,661	.74
Pennsylvania.....	86,298	807,986	5,409	.67
North Atlantic.....	336,584	4,139,131	24,315	.59
Ohio.....	51,026	416,086	864	.21
Indiana.....	10,121	154,553	536	.35
Illinois.....	104,687	1,112,005	3,904	.35
Michigan.....	61,064	495,173	653	.13
Wisconsin.....	58,503	1,066,253	2,302	.22
East North Central.....	285,401	3,244,070	8,259	.25
Minnesota.....	21,994	385,557	1,211	.31
Iowa.....	61,246	1,150,192	6,245	.54
Missouri.....	963	19,833	129	.65
North Dakota.....	11,232	214,476	1,595	.74
South Dakota.....	64,648	1,300,723	13,942	1.07
Nebraska.....	50,130	1,090,345	5,248	.48
Kansas.....	2,635	43,634	282	.65
West North Central.....	212,848	4,204,760	28,652	.68
Delaware.....	3,044	40,299	182	.45
Maryland.....	18,736	200,612	891	.44
District of Columbia.....	12	786	0	.00
Virginia.....	3,229	68,473	252	.37
West Virginia.....	3,584	36,303	42	.12
North Carolina.....	1,798	30,821	11	.04
South Carolina.....	487	9,704	2	.02
Georgia.....	697	10,377	2	.02
Florida.....	1,152	58,684	126	.21
South Atlantic.....	32,739	456,059	1,508	.33
Kentucky.....	3,807	51,326	68	.13
Tennessee.....	1,364	25,119	77	.31
Alabama.....	2,840	58,267	271	.47
Mississippi.....	6,616	52,188	297	.57
Arkansas.....	1,581	20,092	45	.22
Louisiana.....	1,645	69,690	375	.54
Oklahoma.....	21,406	219,855	379	.17
Texas.....	30,586	298,104	493	.17
South Central.....	69,845	794,641	2,005	.25
Montana.....	988	30,779	62	.20
Idaho.....	3,904	39,847	66	.17
Wyoming.....	187	18,745	44	.23
Colorado.....	1,304	48,739	145	.30
New Mexico.....	3,519	32,137	34	.11
Arizona.....	2,533	99,685	192	.19
Utah.....	7,506	38,549	146	.38
Nevada.....	1,038	29,384	28	.10
Washington.....	27,515	235,932	986	.42
Oregon.....	11,370	91,821	502	.55
California.....	70,242	1,586,769	56,152	3.54
Western.....	130,106	2,252,387	58,357	2.59
Puerto Rico.....	9,131	161,525	959	.59
Hawaii.....	444	16,045	56	.35
United States.....	1,077,098	15,268,618	124,111	.81

The following 10 States were added to the modified accredited area during 1936: Delaware, Mississippi, Oklahoma, Arizona, Texas, Connecticut, Nebraska, Rhode Island, Vermont, and Pennsylvania. The progress of the tuberculosis-elimination program is indicated by the fact that on July 1, 1934, only 13 States were in the modified accredited area, while on January 1, 1937, a total of 43 States had been included. The modified accredited area consists of those States in which cattle infected with tuberculosis constitute less than one-half of 1 percent of the total number.

From July 1934 to December 31, 1936, inclusive, 53,951,055 tuberculin tests were applied to cattle in 4,724,629 herds. Tubercular-infected cattle to the number of 589,535 were eliminated. The total cost over the entire period was approximately \$16,918,855.

BANG'S DISEASE

Elimination of cattle reacting to the test for Bang's disease, which has caused heavy losses to farmers, was continued in 1936 on a scale larger than before. The program was conducted with the cooperation of livestock owners and State authorities and continued on a voluntary basis as far as the Federal Government was concerned. In Maine, New Hampshire, and Rhode Island, owners of cattle which reacted and which were eliminated received state payments for these animals, in addition to the Federal indemnities. Provision has been made in Virginia for the pro rata payment of about \$27,000 on all Bang's reactors in the State during the 1936-37 fiscal year.

Approximately \$14,554,829 was spent for operating and indemnity payments during 1936. During this year, 7,690,376 agglutination tests for Bang's disease were applied to cattle in 585,213 herds and 433,984 reactors were eliminated (see table 9). A considerable number of the tests were retests. The percentage of infection for the country as a whole continued to decline from 9 percent in 1935 to 5.6 percent in 1936; in July 1934 it was 14.9 percent.

In most States cooperating owners receive certificates showing that their herds have passed a sufficient number of tests to be certified as free from Bang's disease. The Federal Government does not participate in furnishing these certificates. In several States plans have been made for testing cattle for Bang's disease on an area basis. Usually the area consists of a county or parish. Thus far, more progress has been made with this form of work in Virginia than in any other State.

From the initiation of the program in July 1934 through December 31, 1936, there were 14,017,427 agglutination tests given to cattle in 1,004,026 herds, from which 1,052,119 infected animals were eliminated. The total cost of this work approximated \$32,565,000.

TABLE 9.—*Summary, Federal-State cooperative Bang's disease program Jan. 1, 1936, to Jan. 1, 1937*

State	Number of tests		Reactors	Percent reactors are of total cattle tested
	Herds	Cattle		
Maine.....	1,829	28,201	1,473	5.2
New Hampshire.....	2,018	25,006	1,760	7.0
Vermont.....	514	17,226	691	4.0
Massachusetts.....	195	5,971	312	5.2
Rhode Island.....	85	2,949	304	10.3
Connecticut.....	370	12,717	650	5.1
New York.....	4,622	112,886	5,883	5.2
New Jersey.....	519	43,351	1,237	2.9
Pennsylvania.....	18,685	256,075	11,097	4.3
North Atlantic.....	28,837	504,382	23,407	4.6
Ohio.....	15,768	185,033	12,072	6.5
Indiana.....	12,312	154,375	8,497	5.5
Illinois.....	9,256	140,613	10,816	7.7
Michigan.....	19,965	218,289	7,442	3.4
Wisconsin.....	42,932	804,400	37,394	4.6
East North Central.....	100,233	1,502,710	76,221	5.1
Minnesota.....	31,378	488,852	26,771	5.5
Iowa.....	10,287	180,268	22,353	12.4
Missouri.....	34,343	407,802	28,527	7.0
North Dakota.....	4,730	86,496	6,589	7.6
South Dakota.....	942	27,840	3,104	11.1
Nebraska.....	4,201	79,522	6,416	8.1
Kansas.....	5,195	144,001	17,925	12.4
West North Central.....	91,076	1,414,781	111,685	7.9
Delaware.....	726	12,328	694	5.6
Maryland.....	6,962	60,638	2,727	4.5
Virginia.....	97,285	433,478	9,647	2.2
West Virginia.....	18,304	106,416	2,059	1.9
North Carolina.....	3,840	88,469	2,219	2.5
South Carolina.....	2,811	63,581	1,933	3.0
Georgia.....	3,653	125,112	6,148	4.9
Florida.....	9,317	180,869	9,366	5.2
South Atlantic.....	142,898	1,070,891	34,793	3.2
Kentucky.....	14,729	154,272	9,682	6.3
Tennessee.....	9,739	169,774	12,396	7.3
Alabama.....	4,223	283,686	13,044	4.6
Mississippi.....	5,233	119,700	4,968	4.2
Arkansas.....	32,535	211,065	9,782	4.6
Louisiana.....	24,814	203,377	12,839	6.3
Oklahoma.....	24,511	559,871	34,797	6.2
Texas.....	6,877	285,056	17,515	6.1
South Central.....	122,661	1,986,801	115,023	5.8
Montana.....	6,091	144,123	8,365	5.8
Idaho.....	10,622	114,235	7,767	6.8
Wyoming.....	2,107	87,585	6,912	7.9
Colorado.....	396	19,145	1,123	5.9
New Mexico.....	3,638	59,095	2,424	4.1
Arizona.....	1,486	31,358	1,251	4.0
Utah.....	12,992	84,365	4,673	5.5
Nevada.....	1,461	17,054	1,055	6.2
Washington.....	33,822	294,269	20,372	6.9
Oregon.....	26,796	354,465	18,704	5.3
California.....	97	5,117	209	4.1
Western.....	99,508	1,210,811	72,855	6.0
United States.....	585,213	7,690,376	433,984	5.6

MASTITIS

Work on elimination of mastitis among cattle, started on January 1, 1935, continued through 1935 and for 6 months during 1936 and was terminated on June 30, 1936.

The activity provided for elimination of cows showing marked physical evidence of mastitis. The Federal indemnity payment was limited to \$20 for grade cows and \$50 for purebred registered cows.

Approximately \$224,163 was expended during this 6 months of 1936 and 62,338 physical examinations for mastitis were made in 2,469 herds with 7,048 eliminated. Most of the work was carried on in States located in the New York milk shed.

During the entire period in which the program was effective 235,354 cattle in 9,801 herds were examined. Of this number 28,439 milk cows were eliminated. The total cost of these operations was approximately \$849,806.

CHAPTER 5

LIGHTENING THE IMPACT OF THE 1936 DROUGHT

SALIENT FACTS ABOUT 1936 DROUGHT-RELIEF OPERATIONS

1. Percentage by which hay and roughage supplies in relation to number of hay-consuming animals was greater at the beginning of 1936 than at the beginning of 1934:		
In the entire country	percent ..	30
In principal drought States	do	50
2. Number of counties designated by the drought committee of the United States Department of Agriculture as "emergency drought counties" at the end of 1936		
		1, 194
3. Number of cattle and calves purchased by the Agricultural Adjustment Administration under the drought cattle-purchase program, through December 31, 1936		
		3, 663
4. Amount expended by the Agricultural Adjustment Administration in purchasing cattle and calves under the drought cattle-purchase program, through December 31, 1936		
		\$107, 755. 45
5. Seed grains purchased by the Agricultural Adjustment Administration under the seed-conservation program, through December 31, 1936:		
Spring wheat	bushels ..	1, 352, 991
Durum wheat	do	292, 257
Oats	do	960, 765
Flax	do	63, 105
Malting barley	do	11, 868
Feed barley	do	241, 444
6. Selected seed corn covered by applications for loans at \$1.75 per bushel under seed-corn-loan program, through December 31, 1936		
		107, 400
7. Cribbed corn on which loans at 55 cents per bushel had been completed by Commodity Credit Corporation through December 31, 1936		
		114, 300

In the past it has been accepted as inevitable that years of drought and crop failure should sometimes follow years of surplus production and glutted markets, and that either extreme would bring failure, bankruptcy, and suffering. Whenever extreme drought struck the Western and Midwestern States, great movements of the population took place. Large areas were abandoned for years, until cycles of rainfall adequate for crop production appeared again, and the land was settled anew. At the same time there were heavy drains on the country for relief of drought sufferers.

The effects of the agricultural adjustment and agricultural conservation programs, however, has been to mitigate and lessen the impact of these disasters, both on agriculture and on the country as a whole. These effects were evident both in 1934 and in 1936. They were coupled with necessary emergency activities of the Government.

In general the effect of these programs has been the stabilization of agricultural production within the drought areas. Stabilization of production has meant less depletion, through drought, of supplies of feed for livestock, and therefore less loss of income to farmers in the drought area and less reduction of supplies of livestock products for consumers, as well as better purchasing power, among farmers, for the products of urban industry. Conservation farming has operated to diminish the loss of soil through wind erosion in dry weather and through rainfall when it follows drought. Thus it has conserved and made useful the meager rainfall of dry years and has prevented the unduly rapid depletion of the soil's productive power.

These benefits from the adjustment and conservation programs have been supplemented in 1934 and 1936 by other Government activities which have resulted in orderly liquidation of livestock numbers so that a better balance between animals and feed supplies has been maintained; in the conservation of seed supplies for future planting; in direct relief to farmers and their livestock in the drought-plagued regions; and in other ameliorations of the effect of drought.

These activities have served to stabilize farm production in the drought areas to a certain degree, thus minimizing suffering among farmers and maintaining farm population and income in a more stable situation with less drain upon the charity or tax contributions from the rest of the country than would have been the case with no organized effort to prepare in advance against the effects of drought.

I. AGRICULTURAL PROGRAMS INCREASED FORAGE SUPPLIES

The adjustment and soil-conservation programs in the 4 years in which they have been in operation, have contributed largely to the material increase in pasture and forage crops available for cattle shipped out of the drought area or for feed to be shipped into that area. The increase in the production of grasses and legumes, which conserve the soil and withstand drought better than do the intensively cultivated crops, enabled many producers to feed their livestock in 1936 in spite of the drought.

The shortage in the 1936 hay crop was offset in part by the unusually large carry-over of 13,000,000 tons from the record crop of 89,742,000 tons in 1935, so that the total supply for the season—carry-over plus production—in 1936 was greater than the average for the preceding 5 seasons. Because dryness did not become intensified until July in 1936, farmers were able to make maximum use of the spring pasture and early grain crops.

The effect of the soil-conservation program is evident in the increased acreages in 1936, of annual legumes, both alone and interplanted with other crops, in the South Atlantic and South Central States. In the case of soybeans, the increase over 1935 in the Southern States was 35 percent in acres grown alone, and 44 percent in acres interplanted. The average soybean acreage for the country as a whole, in 1928-32 was 2,635,000 acres; the estimated acreage of soybeans grown alone for all purposes in 1936 was 5,635,000 acres; the acreage interplanted was 1,293,000 acres.

LEGUME HAY PRODUCTION ABOVE AVERAGE

Alfalfa hay production in 1936, in spite of the drought, is estimated at 24,799,000 tons as compared with an average of 23,605,000 tons for 1928-32. The average acreage in 1928-32 was 11,754,000 acres; in 1936 it was increased by more than 2,000,000 acres to 14,062,000 acres. The average acreage of lespedeza harvested for hay in 1928-32 was 504,000 acres; but it is estimated that in 1936 there were harvested 1,541,000 acres. Acreage of lespedeza for pasture and soil improvement in 1936 is estimated at 5,000,000 acres more than that of 1932.

The average acreage of all tame hay for 1928-32 is estimated at 55,170,000 acres; in 1936 the acreage harvested was 57,083,000 acres, an increase of about 2,000,000 acres. Acreages of wild hay and some of the less important kinds of tame hay were somewhat smaller in 1936 than in 1935, but increase in clover, timothy, sweetclover, and grain hay, and a continuation of an upward trend in alfalfa acreage, somewhat balanced the reductions. Total hay acreage in 1936, estimated at 67,777,000 acres, is about 1 percent below the average obtaining before the recent series of drought years.

ORDERLY LIQUIDATION OF LIVESTOCK NUMBERS

The effect of orderly liquidation of livestock numbers in 1934 and 1935 was apparent in 1936 when the drought struck. At the beginning of 1936 the number of hay-consuming animals was nearly 7 percent less, and that of grain-consuming animals nearly 14 percent less, than at the beginning of 1934. By the middle of August 1936, supplies of hay and roughage in relation to the number of hay-consuming livestock were 30 percent greater than on the same date in 1934 for the entire country, and approximately 50 percent greater for the principal drought-stricken States.

II. GOVERNMENT ACTIVITIES IN DROUGHT RELIEF

While the adjustment and conservation programs were effective in advance protection against the results of drought, the emergency nature of the situation required additional emergency activities. These additional measures were carried out by various Governmental and State agencies. In 1936 the effectuation of the drought-relief programs was made easier because of the experience gained in 1934 in dealing with the drought problem of that year.

COMMITTEES APPOINTED TO COORDINATE GOVERNMENT ATTACK

In June of 1936 the President appointed an interdepartmental drought committee to coordinate and accelerate the drought-relief activities of the various Government agencies. The Secretary of Agriculture was appointed chairman of the committee, which included also the acting director of the budget, representing the United States Treasury; the administrator of the Resettlement Administration; and the assistant administrator of the Works Progress Administration.

This committee immediately undertook a survey of the drought situation and the actions appropriate to meet the emergency. Use was made of existing agencies so far as possible.

On June 22, 1936, the Secretary of Agriculture appointed a committee to plan the drought activities of the Department of Agriculture. The departmental committee was headed by an assistant administrator of the Agricultural Adjustment Administration and included the Director of the Agricultural Extension Service, the Chief of the Soil Conservation Service, the Chief of the Bureau of Agricultural Economics, and another Assistant Administrator of the Agricultural Adjustment Administration.

First designations of emergency drought areas were made July 7, by the drought committee of the Department of Agriculture. Within 24 hours the drought territory was extended into the Southeast and included 268 counties. A month later 890 emergency drought counties in 21 States had been designated. At the end of 1936 the officially designated drought area covered 1,194 counties in 25 States. The drought committee certified emergency drought counties on the basis of reports from directors of State agricultural extension services, Federal-State crop statisticians, and representatives of the Bureau of Agricultural Economics. Application of all drought-relief measures, including the granting of reduced freight rates, making of livestock feed and transportation loans, and assignment of work relief projects, was based upon the official designation of the drought areas.

SOIL CONSERVATION PROGRAM MODIFIED

During the first week in July the provisions of the soil conservation program were so modified as to encourage an increase in the production of needed food and feed crops in the drought areas. The program was sufficiently flexible to permit its being modified to meet emergencies such as drought, while still being kept in line with the objectives defined in the Soil Conservation and Domestic Allotment Act.

In the Southern, East Central, and Northeast Regions, grants for shifting acreage to soil-conserving crops were made to farmers who also planted food and feed crops on an acreage in addition to their general soil-depleting bases. In these regions the land on which soybeans were cut for hay and on which a winter cover crop was then seeded, was reclassified as soil-conserving acreage.

Originally the programs for these regions had included certain food and feed crops in the general soil-depleting bases of farmers and had provided for deductions from the grants to farmers whose acreages of soil-depleting crops in 1936 exceeded the soil-depleting bases for their farms.

In order to encourage the production of emergency forage crops in the Western, North Central, and Northeast Regions, land on which soil-conserving crops had failed and which had then been planted to crops for hay, retained its classification as soil-conserving acreage on which farmers received their grants. In the East Central Region farmers who planted an acreage of small grains or grasses for hay, or sorghums for hay or forage, sufficient to offset their drought losses, received their grants.

In designating drought counties in the Western Region, land seeded to any soil-depleting crop except corn, and used to produce hay and pasture, was classified as neutral land. In the same counties, land from which a nurse crop had been harvested was classified as soil-conserving if grasses or legumes had later been seeded on it. In all regions farmers were able to qualify for soil-building or soil-conserving

payments by proving that they had seeded soil-conserving crops according to good farming practices.

Provisions were made for applying the terms of the agricultural conservation program in the Southern Region in such fashion as to lighten the effects of the drought there. Emergency forage crops needed for livestock feed were encouraged by classifying them as soil-conserving crops, thereby enabling farmers to receive their soil-conserving payments while growing the crops that were particularly needed in the South during the period of the drought.

Where adjustment in the determination of soil-depleting base acreages was helpful in enabling farmers to counteract the effects of the drought, such adjustment was authorized.

In general, every encouragement was given to families living on farms in the South—owners, share-croppers, and tenants—in the production of food crops and feedstuffs for the farm workstock.

CATTLE AND SHEEP PURCHASE PROGRAMS

Developed largely as a precautionary measure to prevent price demoralization in case drought forced a severe liquidation of livestock, a cattle-purchase program was authorized July 7, 1936, and terminated October 24 of the same year. To finance the program an allotment of \$5,000,000 was made available from funds provided from the customs receipts under section 32 of the act of August 24, 1935, amending the Agricultural Adjustment Act.

The program was carried out by the Agricultural Adjustment Administration in cooperation with the Federal Surplus Commodities Corporation. Field operations were directed by the Commodities Purchase Section of the Agricultural Adjustment Administration through its regional office in Chicago. Meat products obtained through the program were turned over to the Federal Surplus Commodities Corporation and by it donated to State relief agencies for distribution.

On days when market receipts of drought cattle appeared excessive, buyers for the Commodities Purchase Section were instructed to buy, at the prevailing market price, only such numbers of cattle as were in excess of commercial requirements.

Under this program, 3,663 cattle and calves were acquired at an average cost of \$3.74 per hundredweight, live weight, or \$26.25 per head. Total live cost of animals was \$96,164.45; estimated cost of buying and processing was \$5,368; shipping and transportation, \$3,923; and curing and storing of hides, \$2,300. Hides remained the property of the Government and were placed in storage for sale at a later date. Estimated value of the hides is \$17,000.

The cattle-purchase program was coordinated with several other measures such as stabilization and distribution of feed supplies in the drought area, loans, grants, and other programs, for relieving the pressure on farmers in the area to sell their cattle on a drought-depressed market. In addition, an unexpectedly wide demand for cattle developed and the purpose of the program was accomplished through purchase of a much smaller number of cattle than had been anticipated when the program was authorized.

The purchases and the announced intention of the Government to support the cattle market on common cutter grades of cows, steers, and heifers, and common classes of calves assisted materially in

stabilizing the prices for these grades of cattle. Large quantities of meat produced commercially from such classes of cattle found ready outlet for freezing and storage in anticipation of a possible shortage of such grades of meat in the late winter of 1936 and early spring of 1937.

A sheep-purchase program was approved August 18, 1936, and purchase of sheep on a basis comparable to that of the cattle purchase program was authorized. Sheep purchases were to be authorized only at such times and for such numbers as were necessary in order to prevent demoralization of prices.

However, because satisfactory market demands for sheep developed, the drought marketings of these animals sold readily on commercial account at prices that compared favorably with prices during corresponding months of other years, and fall rains in the Corn Belt improved pastures and checked the forced liquidation of sheep. Consequently, emergency sheep purchases by the Government did not become necessary.

BREEDING SHEEP PROGRAM

In order to divert from primary livestock markets the best breeding types of sheep, the Federal Surplus Commodities Corporation made available to the Emergency Relief Administration of South Dakota funds to be used to finance movement of sheep from one part of the State to another, and to purchase sheep. Under this program 14,169 high-grade sheep were purchased from South Dakota producers who could no longer maintain their flocks because of the drought, and were sold to farmers, feeders, and producers in other areas where feed supplies were more adequate.

A similar livestock purchase authority was issued to the Public Welfare Board of North Dakota and \$50,000 was supplied to that board as a stabilizing fund. However, no sheep were purchased or sold under the authority issued to North Dakota, the movement of sheep in that State being handled entirely through the State Agricultural Extension Service.

The livestock purchase authorities issued to the two States provided for selective buying of cattle, but it was not necessary to purchase high-grade cattle in either State.

ASSURING A SEED SUPPLY

In the late summer of 1936 a seed-purchase program designed to reserve from milling and other commercial uses, small grain adapted for seed purposes, was inaugurated in the northern grain-producing region. At the close of 1936 nearly 3,000,000 bushels of spring wheat, durum wheat, oats, barley, and flax had been purchased under this program, at regular markets and at market prices. The seed grain, which is to be sold to farmers before the 1937 planting season, is in storage in the drought areas in Montana, Minnesota, North Dakota, and South Dakota, where seed supplies were either materially reduced or virtually wiped out by drought.

Through December 31, 1936, seed purchases under this program totaled 1,352,991 bushels of spring wheat, 292,257 bushels of durum wheat, 960,765 bushels of oats, 63,105 bushels of flax, 11,868 bushels of malting barley, and 241,444 bushels of feed barley.

The program has been carried out through a cooperative agreement involving the Federal Surplus Commodities Corporation, the Farmers' National Grain Corporation, and the Farm Credit Administration, which allocated a sum of not more than \$10,000,000 for seed purchases.

CORN-LOAN AND SEED-CORN LOAN PROGRAMS

The 1936-37 corn-loan program was proposed in August after the indicated production of corn had dropped 800,000,000 bushels from July 1 to August 1. Preliminary reports from seven States in the Corn Belt indicated that those States would require from 2 to 3 million bushels of corn from outside sources, for 1937 planting.

A combined corn-loan and seed-corn program was financed through a commitment of up to \$10,000,000 from the Reconstruction Finance Corporation and loans are made through the Commodity Credit Corporation. Field work in connection with the loan program is supervised by the Agricultural Adjustment Administration.

Through December 31, 1936, applications had been received for loans on 107,400 bushels of selected seed corn, and direct loans at the rate of 55 cents a bushel on 114,300 bushels of cribbed corn had been completed by the Commodity Credit Corporation.

Two types of loan on farm-stored corn are made. Each type carries with it an option right-of-purchase by the Government. One type of loan, at the rate of \$1.75 a bushel, applies only to selected seed corn meeting prescribed germination and moisture-content tests. This type of loan is available only in those sections of the Corn Belt where seed corn was deficient, and in a few adjacent areas where acclimated seed, suitable for use in the seed-deficient areas, may be obtained.

This loan supplements the regular corn loan of 55 cents a bushel on farm-stored cribbed corn which is expected to make available, if it is needed, a secondary supply of seed corn for spring planting. Producers who sealed corn under a 45-cent loan in 1935 were permitted, under the 1936-37 program, to reseal the corn under a 55-cent loan.

The corn-loan programs have made possible the orderly selection, storage, distribution, and farm marketing of 1936 seed corn and have operated to diminish speculation in seed corn supplies. Through the option right-to-purchase provision in the loan agreement seed corn is available at a fair price to the Government for relief distribution if that becomes necessary in 1937. The loans have also provided producers with a source of credit on corn collateral from the 1936 corn crop.

FARMERS CONSERVE SEED OF LEGUMES, PASTURE, AND EMERGENCY FORAGE CROPS

According to recent estimates of the crop reporting board of the Department of Agriculture, supplies of adapted seed of major pasture, meadow, and emergency forage crops are sufficient to offset losses due to the 1936 drought and to help insure an adequate supply of such seeds for the needs of the 1937 soil-conservation program which is expected to bring about a considerable increase in acreages of soil-conserving crops for the country as a whole.

A factor in this situation was the action, in July and August of 1936, of the Agricultural Adjustment Administration in calling attention of producers cooperating in the program to the necessity for harvesting, cleaning, and conserving locally and on their own farms supplies of

seed of clover, alfalfa, lespedeza, sweetclover, and other soil-conserving crops. Recent field reports indicate that farmers did retain considerable quantities of such seed on their farms for their own use and that of their neighbors, and that local seed distributors retained stocks for local distribution.

SURPLUS FOOD AND FEED DISTRIBUTED FOR DROUGHT RELIEF

Under the regular program of the commodities purchase section of the Agricultural Adjustment Administration, food, feed, and other farm products which are surplus to market demands and are depressing prices to farmers are purchased with Government funds and distributed by the Federal Surplus Commodities Corporation through relief channels.

In 1936 this program became particularly important when hunger and need developed in areas where there had been natural catastrophes. Supplies acquired in the course of the program were used to relieve special distress in the Northeast caused by floods, in the South caused by tornado, and in the drought-stricken areas of the Great Plains and other regions.

The Agricultural Adjustment Administration, through this program, caused to be shipped into the drought area approximately 55 million pounds of food and about 15 million pounds of feed for relief distribution in 19 States. These consignments included flour, dried peas, fresh peas, prunes, dried peaches, fresh pears, canned beef, dry skim milk, and mill feed. The cattle purchased by the Agricultural Adjustment Administration in order to protect market prices in drought areas were distributed, sometimes after being processed and sometimes on the hoof, for relief consumption in various States.

Large quantities of foodstuffs were scheduled for shipment to the drought States under the regular distribution program of the Federal Surplus Commodities Corporation and additional shipments of food and feed were made available to States where drought conditions were most severe, and were distributed to needy farm families.

Through the operation of the Northwest Pacific wheat purchase program, the Agricultural Adjustment Administration obtained supplies of feed stuff as well as of flour. Most of the 15 million pounds of feed distributed in drought areas through the Federal Surplus Commodities Corporation for the feeding of livestock was a byproduct of the milling of flour purchased under this program. One of the first actions of the Government in meeting the drought situation was to make available 10,000 tons of mill feed derived as a byproduct of this flour-milling operation. This feed was shipped in June into four drought-affected States.

Activities of the Agricultural Adjustment Administration in meeting the drought situation were an integral part of a broad Government attack involving numerous Federal agencies. These agencies included the Agricultural Adjustment Administration, the Bureau of Agricultural Economics, the Soil Conservation Service, the Bureau of Biological Survey, and the Agricultural Extension Service in the Department of Agriculture, and the Farm Credit Administration, the Works Progress Administration, the Resettlement Administration, and other agencies outside the Department of Agriculture.

FEDERAL LIVESTOCK FEED AGENCY

As a clearing house for information the Federal Livestock Feed Agency, with headquarters at Kansas City, Mo., was operated by the Bureau of Agricultural Economics beginning in July. Its activities were designed to assist in stabilizing feed prices, facilitate distribution of feedstuffs and livestock in drought-affected areas, and prevent speculation and undue advances in prices.

It located surplus supplies of feed, advised farmers and stock feeders in drought areas where to purchase feed at moderate cost, and facilitated sale and transfer of cattle from drought-affected regions.

The agency itself did not buy or sell feed or livestock, nor make loans, but listed, without cost, for farmers, shippers, dealers, jobbers, and feed manufacturers, any grain, hay, forage, or other feed which they had for sale and which was available for shipment to the drought areas. It furnished to buyers of feed in such areas information on supplies, prices, and sources. A similar service was established for sellers and buyers of livestock.

The agency also furnished information on procedure in obtaining emergency freight rates on livestock leaving drought areas and in obtaining inspection of grain and hay, on methods of shipping and sale for hay and other feed, and for stock and feeder cattle and other livestock.

A drought news service bulletin was issued daily to farmers, county agricultural agents, State officials, feed dealers, and others interested. An inspection service was operated to determine grade and class of hay and other roughages offered for shipment to drought areas or received in such areas.

By the middle of August nearly 200,000 cars of hay and straw had been listed with the agency by shippers in surplus areas, and listings of available pasture had exceeded 1 million acres. About 50,000 head of livestock had been listed for sale and inquiries from persons desiring to buy cattle exceeded the number of animals available.

FREIGHT-RATE REDUCTIONS

As a further effort to stabilize livestock and feed prices, the Department of Agriculture enlisted the cooperation of the western railroads in assisting livestock feeders and owners. Farmers unwilling to liquidate their herds in drought areas faced the necessity of either shipping their stock to temporary pasture in other areas, or bringing in feed to maintain their herds. Transportation expenses were an acute problem. To assist in its solution the western railways made extensive reductions in their freight rates on livestock and feed.

On livestock, a special basis of 85 percent of the normal freight rate was authorized on shipments from counties designated as in the emergency drought area, to pastures in nondrought areas, with the privilege of returning the stock to the home point at any time within a year at 15 percent of the normal rate.

Substantial reductions in the rates on feed shipped to the drought counties were also made. These reductions amounted to one-third of the normal rates on hay, coarse grains, cottonseed meal and cake, linseed meal and cake, soybean meal and cake, mixed feeds and mixed feed ingredients. Reductions of 50 percent in the normal rates for straw and other roughage were authorized.

Reductions were authorized for 666 drought counties in 12 Western States: Arkansas, Colorado, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming. Reductions in the rates on feed from shipping points in 28 States to the drought counties in the 12 States named, were eventually authorized.

As the Department of Agriculture designated additional drought counties, the western railroads published new rates. As new sources of surplus feed were located, they were covered by extending the territory from which the reductions applied. When conditions warranted, expiration dates on the reductions were extended.

The freight-rate concessions not only enabled farmers in the drought areas to obtain feed, but also assisted in keeping local feed prices at more reasonable levels.

Immediate assistance to farmers in the drought area was provided in 1936 by the Resettlement Administration, which made subsistence grants and crop and livestock feed loans, and conducted a feed-purchase program in four drought States. Federal work-relief projects for those made destitute by the drought were inaugurated by the Works Progress Administration, the Soil Conservation Service, and the Bureau of Biological Survey. Emergency crop loans were made through the Farm Credit Administration.

III. STABILIZATION AMELIORATES EFFECTS OF DROUGHT

Drought is not preventable by farm-management systems, but such systems can and do ameliorate the effects of drought. Destructiveness of floods is intensified by improper land use which denudes the land of its vegetative cover and permits rainfall to rush off sloping fields into swollen streams rather than being checked, absorbed, and stored in the soil.

Stabilization of agricultural production is in itself both an objective of the soil-conservation program and a means of reducing the ill effects of drought.

The soil-conservation program seeks a balance between clean-tilled soil-depleting crops that exhaust fertility and expose the soil to wind and water erosion, and the soil-conserving cover crops that hold the moisture, prevent erosion, and restore or conserve plant nutrients. The same balance stabilizes supplies and prices of farm products. The soil-conservation program encourages less intensive farming and thereby tends to avoid the production of staggering surpluses in good years but does provide for production of the maximum output in years of drought.

Stabilizing farm production through soil-conservation practices assists in: (1) Maintaining adequate supplies in drought years, (2) protecting the ability to produce in the future, (3) maintaining and stabilizing the farm income, and (4) providing a greater margin of safety for the consumer.

PAST AGRICULTURAL PRACTICES CALLED SUICIDAL

In a report issued in January 1935 the National Resources Board asserted that: "The past practice of clearing and cultivating land without regard to risks of wastage of soil and water resources has been nothing short of suicidal agriculture over extensive areas of the Na-

tion's indispensable good lands." The Board recommended coordinated action by individual land owners and the Federal and State Governments in attacking the problem, pointing out that: "Safeguards for the sustained utility of the land for this and future generations require action by the State or National Government where economic pressure under self-interest of the landowner imposes those uses of the soil that are destructive of its future utility."

Farmers, engaged in unrestricted competition with each other, have not been able or willing to forego immediate return from exploiting their fields, in favor of preserving its productivity.

The National Resources Board suggested a program for dealing with drought problems. At all points, the soil-conservation program of the Agricultural Adjustment Administration furthers the methods recommended by the National Resources Board.

Such methods included the encouragement of a less intensive system of farming with crop rotations and the planting of soil-conserving crops, use of forests as windbreaks and to protect watersheds, and restoration or at least conservation of native range grasses. Farmers, under the 1936 agricultural conservation program, have been assisted with benefit payments to adopt these methods on their own farms.

In its report the National Resources Board emphasized the interrelation of floods, silting, and erosion control, and urged that land-management policies be coordinated with engineering works in attacking the flood-control problem that starts in fields and uplands where water is allowed, unchecked, to swell flooded rivers far below.

IMPROPER FARMING METHODS MUST BE PREVENTED

The entire region of the Great Plains is marked by low annual rainfall, often concentrated in storms of short duration and great intensity, by wide fluctuations of temperature, and by very strong prevailing winds. Its natural cover, consisting of various grasses and some trees, has been destroyed over millions of acres, by overgrazing or by excessive plowing.

The Great Plains Drought Area Committee appointed by the President reported to him on August 27, 1936, that: "The basic cause of the present Great Plains situation is an attempt to impose upon a region a system of agriculture to which the plains are not adapted—to bring into a semiarid region methods which, on the whole, are suitable only for a humid region."

Recommendations of the Great Plains Drought Area Committee supported those of the National Resources Board, as indicated in the following paragraph: "The agricultural economy of the Great Plains will become increasingly unstable and unsafe, in view of the impossibility of permanent increase in the amount of rainfall, unless overcropping, overgrazing, and improper farm methods are prevented. There is no reason to believe that the primary factors of climate, temperature, precipitation, and winds in the Great Plains region have undergone any fundamental change. The future of the region must depend, therefore, on the degree to which farming practices conform to natural conditions. Because the situation has now passed out of the individual farmer's control, the reorganization of farming practices demands the cooperation of many agencies, including the local, State, and Federal Governments."

CONSERVATION PROGRAM MEETS COMMITTEE RECOMMENDATIONS

The recommendations of the Great Plains Drought Area Committee, like those of the National Resources Board, covered practices and changes which farmers, through the soil-conservation program of the Agricultural Adjustment Administration, are enabled to adopt.

Economic as well as physical questions and factors enter into the problem of offsetting the consequences of droughts. It has been pointed out that economic pressure through unrestricted competition renders the individual farmer helpless in the face of the problem on his own farm.

Stabilizing the production of farm products in areas where drought is a menace stabilizes the income of farmers and enables them to remain on their farms and maintain their productive plant, even through a drought period. Grasses, legumes, and forage crops of the type which actually conserve soil also make the best use of the moisture that does occur and produce a maximum amount of livestock feed when clean-tilled crops would yield little or nothing. Farming of the more extensive type, insofar as livestock is concerned, can be carried on with lower production costs than are involved in intensive cultivated farming.

SOIL MUST BE USED TO PRODUCE

Economic considerations dictate the extent to which farming can be carried on with soil-resource conservation as the principal objective. The Nation's farm plant operated solely for the purpose of conservation, would not fulfill the obligation of agriculture to produce adequately for all demands.

Forest cover is probably the most effective means of conserving soil resources and preventing floods, but since the soil is needed to produce food and fiber for the Nation, it cannot all be left in trees.

To feed and clothe the Nation, farmers must till the soil, but it is possible to cultivate and conserve at the same time. Both crops and cropping practices can be adapted to the process of conservation. The agricultural conservation program encourages the production of such thick-growing crops as hold the soil, resisting wind and water erosion, and do not rapidly deplete the plant nutrients; it seeks to establish an economic balance between the production of these crops and the production of the soil-depleting crops which are required by consumers.

Furthermore, strip-cropping, contour farming, terracing, gully control, construction of dams, and other methods of holding water on the land until it is absorbed and stored are all contemplated in the agricultural conservation program and farmers are enabled to adopt such practices through that program.

IV. EMERGENCY MEASURES MAY BE DEMANDED AGAIN

All these measures tend to diminish the impact of drought on actual production, on ability to keep on producing, and on the economic situation of farmers and consumers alike.

In 1934 and 1936 emergency measures were required to meet a most drastic situation, and the experience gained in those years will enable the country as a whole to face and conquer such situations in the future. The special activities of relief may again be demanded

but the necessity for these activities can be lessened if the farming system is adjusted to a balance which makes it more drought-resistant and less vulnerable than the system which has prevailed in the past.

CROP INSURANCE AND STORAGE OF RESERVES

Consideration has been given throughout 1936 to the possibility of establishing a crop-insurance plan coordinated with the conservation program and with a system of storing commodity reserves. Such a plan should level out in part the economic consequences of wide fluctuations in production and in price. It should assure a stable supply of farm products for consumers, and a stable income for farmers, both in good years when crops are large and prices tend to drop, and in bad years when prices are high but supplies are limited.

Combined with such a plan, agricultural conservation principles offer a long-time defense against drought consequences (1) to the farmer, whose producing ability and income are sustained, and (2) to the producer, whose supplies of food and fiber are conserved and protected.

CHAPTER 6

THE SUGAR PROGRAM

SALIENT FACTS ABOUT THE SUGAR PROGRAM

1. Balance due to producers under sugar-production adjustment contracts as of January 1, 1936-----	\$33, 586, 606
2. Disbursements on invalidated contracts during calendar year 1936-----	\$28, 000, 130
3. Initial consumption quota for United States for calendar year 1936-----	Short tons, raw value-- 6, 434, 088
4. Total consumption quota after adjustment and reallocation-----	Short tons, raw value-- 6, 812, 687
5. Differential between United States price of raw sugar, duty paid, and world price:	
1935-----	cents per pound-- 2. 23
1936-----	do----- 2. 58

The sugar program for the Continental United States and the off-shore areas producing sugar for the United States, established under the Jones-Costigan legislation of 1934, provided for adjusting sugar supplies to consumption requirements by establishing quotas; adjusting sugar production in the various areas within the quotas; and financing this program through a processing tax on sugar of one-half cent a pound.

The production-adjustment and processing-tax phases of this program were terminated as a result of the Supreme Court decision on January 6, 1936, in the *Hoosac-Mills case*. However, the quota provisions of the Jones-Costigan Act were unaffected by the decision and Congress ratified them by Public Resolution No. 109, Seventy-fourth Congress.

During 1936, the sugar program activities consisted chiefly of liquidating commitments to sugar producers under the programs terminated by the Supreme Court decision; adapting the 1936 soil program to the needs of sugar producers; assisting in developing more satisfactory beet-purchase contracts for 1937-38; and administering the quota provisions which remained in effect.

I. LIQUIDATION OF SUGAR PRODUCTION-ADJUSTMENT PROGRAMS

At the beginning of 1936 when the Supreme Court decision invalidated the adjustment programs, \$33,586,606 due to sugar producers under their adjustment contracts for compliance with contracts and programs in effect, remained unpaid. During 1936, payments disbursed to liquidate these claims totaled \$28,000,130, leaving \$5,586,476 remaining unpaid at the close of the year.

Adjustment programs that were in effect prior to the Supreme Court decision included programs for United States sugar-beet producers and for sugarcane producers in Louisiana, Florida, the Philippine Islands, Puerto Rico, and Hawaii. In addition, a program was in effect for producers of sugarcane for sirup in the Southern States.

II. ADMINISTRATION OF THE SUGAR QUOTAS IN 1936

Although the quota provisions of the sugar program were deemed by the Department of Agriculture to have been unaffected by the decision of the Supreme Court in the *Hoosac Mills case*, lower prices immediately following the decision reflected uncertainty as to the status of the quotas, but these prices recovered as soon as it became evident that there was no question of the constitutionality of the quota provisions.

The quotas for 1936 as established at the end of the year were as follows:

	Short tons, raw value
Continental United States beet-sugar producing area.....	1, 550, 000
The States of Louisiana and Florida.....	392, 016
Territory of Hawaii.....	1, 032, 812
Puerto Rico.....	909, 445
Philippines.....	1, 000, 829
Virgin Islands.....	3, 696
Cuba.....	2, 102, 607
Foreign countries other than Cuba.....	29, 103

As a result of increasing consumption the quotas were adjusted and the total consumption estimate was increased on April 10 and again on June 10.

The effect of these increases was to make available to the United States, under the 1936 quotas, a total of 6,812,687 tons of sugar. However, these quotas included approximately 127,000 tons which were entered under bond during December 1935 and charged against the 1936 quotas, so that actual supplies available for distribution in 1936 were about 6,685,000 tons, an increase of about 200,000 tons as compared with 1935. Because the continental beet-sugar area, the Philippine Islands, Hawaii, and the Virgin Islands were unable to fill their quotas, their deficiencies were reallocated among other areas.

III. SUGAR IN THE AGRICULTURAL CONSERVATION PROGRAM

In addition to gains through the operation of the quota system, sugar producers received special consideration in the 1936 agricultural conservation program developed under the Soil Conservation and Domestic Allotment Act of 1936. Sugar beets and sugarcane were classified as soil-depleting crops, but because the United States produces less than its total sugar requirements, separate base acreages were established for sugar beets and sugarcane and no payments were made for diverting acreage formerly in sugar beets or sugarcane. Instead, sugar producers were able to earn conservation payments by planting an acreage of soil-conserving crops equal to 25 percent of their acreage in sugar crops. This method enabled sugar-crop producers to conserve their soil without reducing the national production of these crops, and at the same time to earn payments which added

to their income from the sale of their crops. Where participating farmers failed to meet the requirements deductions were made from their payments.

The conservation payments to sugar-crop producers were computed upon the basis of 12½ cents per 100 pounds of sugar, raw value, commercially recoverable from the normal yield of beets or sugarcane per acre for the farm. The payments were made on the acreage allotments of individual producers, which were worked out within the limits of the national beet-sugar quota of 1,550,000 short tons and the continental cane-sugar quota of 260,000 short tons. The normal yield was in most cases the same as the "representative yield" established for producers under the original sugar-adjustment programs. Because the payments were based on normal, rather than actual yields per acre, they provided a certain measure of crop insurance for growers whose crops failed.

The method of establishing separate base acreages for sugar-beets and sugarcane entailed many administrative difficulties, and therefore, in planning the 1937 conservation program, it was decided to consider sugar-beets along with the general soil-depleting crops in order to facilitate administration of the program. It was considered that any acreage diversion by producers would be from normally surplus crops rather than from the sugar crops.

IV. THE GENERAL SITUATION IN 1936

The world sugar situation did not improve during 1936, prices again falling to record low levels during the year as a result of world excess supplies. The market of United States producers was protected against this depressed world situation by means of the sugar quotas. Under the sugar-quota system the prices of raw sugar duty-paid in the United States was approximately 2.6 cents per pound above the world price, as compared with a differential of 2.23 cents in 1935.

Invalidation of the sugar processing tax presumably did not affect the cost of sugar to consumers, who paid an average price of 5.7 cents a pound for sugar in 1935 and 5.6 cents during 1936. The decision did result, however, in a wide redistribution of income under the quota system; there was a loss to growers, laborers, and taxpayers and a corresponding gain to domestic sugar processors and foreign sugar producers.

The loss to sugar beet growers that resulted automatically, under the established grower-processor contracts, from invalidation of the former processing tax and production-adjustment payments, was equal to approximately 50 percent of the former tax. (The decline in the income of growers was offset to some extent by payments under the 1936 agricultural conservation program.) It is estimated that at the same time the profits of beet processors were increased between 40 and 60 percent over their net income from operations during the calendar year 1935 when the processing tax was in effect. Sugar beet growers whose returns had been decreased, although the total income of the sugar beet industry virtually had not been affected, undertook to obtain an appropriate adjustment in their contracts with processors in order to compensate for the reduction in their income, but their efforts met only limited success.

Invalidation of production-adjustment payments to producers also destroyed the only practicable means that had been found to assure labor an equitable share in the income from sugar beet and sugarcane production. Consequently, both growers and laborers were denied assurances of an equitable and reasonable share in the income of the domestic industry under a program in which they, as well as the processors, were intended to be the beneficiaries.

CHAPTER 7

LIQUIDATION OF PRODUCTION-ADJUSTMENT PROGRAMS

SALIENT FACTS ABOUT LIQUIDATION OF PRODUCTION-ADJUSTMENT PROGRAMS

1. Total estimated number of payments on production-adjustment contracts remaining to be made, on Jan. 6, 1936-----	3, 040, 000
2. Estimated amount required to complete payments-----	\$246, 335, 000
3. Number of payments made, Jan. 7, 1936, through Dec. 31, 1936--	2, 861, 246
4. Amount disbursed in payments on production-adjustment contracts, Jan. 6, 1936, through Dec. 31, 1936-----	\$230, 430, 000

At the close of 1935, approximately 8,400,000 production-adjustment contracts had been signed by farmers cooperating in the programs of the Agricultural Adjustment Administration, during the years 1933, 1934, and 1935, when these programs were in operation. These contracts involved about 19,176,000 separate payments to producers.

On January 6, 1936, when the so-called Hoosac Mills decision of the United States Supreme Court invalidated the production-adjustment provisions of the Agricultural Adjustment Act, 16,136,000 payments involving \$1,082,626,000 had been disbursed by the Agricultural Adjustment Administration. To complete the remaining payments involved in the contracts, estimated to number 3,040,000, approximately \$246,335,000 was needed. Table 10 shows the number of payments made and amounts disbursed on the various commodity programs, as of January 6, 1936.

TABLE 10.—*Payments to producers made and estimated as to be made, by commodities, as of Jan. 6, 1936*¹

Commodity	Program years	Number	Amount	Estimated payments to be made	
				Number	Amount
			<i>Thousands</i>		<i>Thousands</i>
Corn-hogs-----	1934-35-----	4, 326, 357	\$379, 149	1, 034, 415	\$91, 052
Cotton-----	1933-35-----	7, 672, 483	334, 496	264, 766	14, 256
Wheat-----	1933-36-----	2, 757, 432	247, 823	1, 081, 318	100, 329
Rye-----	1936-----	0	0	7, 420	410
Tobacco ² -----	1933-35-----	1, 114, 277	52, 606	401, 193	8, 774
Sugar ³ -----	1934-36 (2)-----	202, 584	56, 727	226, 566	29, 942
Peanuts-----	1934-35-----	43, 341	2, 429	24, 116	1, 315
Rice-----	1935-----	19, 845	9, 396	202	257
Total-----		16, 136, 319	1, 082, 626	3, 039, 996	246, 335

¹ Includes only programs involving rental and benefit payments to be liquidated under Public, No. 440, 74th Cong. Liquidation of other programs, such as cotton option, cotton pool, and price adjustment payments, is being accomplished with funds from other appropriations and/or sources.

² Includes territorial tobacco payments.

³ Includes territorial sugarcane payments.

I. FUNDS FOR LIQUIDATION APPROPRIATED BY CONGRESS

The Supreme Court decision on January 6, 1936, invalidated the production-control and processing-tax provisions of the Agricultural Adjustment Act and stopped the adjustment programs then in progress. In order to conclude these programs Congress, on February 11, 1936, appropriated (Public, No. 440, 74th Cong.) \$296,185,000 to meet unliquidated obligations and commitments in connection with them, made by the Agricultural Adjustment Administration before January 6, 1936. Of this amount, \$30,000,000 was transferred to the appropriation Conservation and Use of Agricultural Land Resources as provided by the Act of March 19, 1936; and \$453,100 was returned to the Treasury, pursuant to Public Resolution 76, Seventy-fourth Congress (approved Mar. 14, 1936), leaving a net balance of \$265,731,900 with which to meet the obligations and commitments referred to above.

Before January 6, 1936, the Agricultural Adjustment Administration had made so-called advance payments upon adjustment contracts when the contracts were accepted, and had completed the payments to the producers when they had complied with the terms of the contracts. Under the provisions of Public, No. 440, no advance payments could be made after the farmer had made at least partial compliance with the terms of the contract.

For other reasons, such as the necessity of obtaining additional information from the field and adjusting indebtedness of the producer to any Government agency before his payment is completed, the procedure of completing the payments provided for by Public, No. 440, has been slower than the procedure followed in making payments on contracts under the original production-adjustment programs.

A final check, now under way, is being made to determine that all payments are in order on each of the approximately 8,400,000 contracts that had been accepted by the Agricultural Adjustment Administration up to January 6, 1936, from the beginning of the production-adjustment programs.

II. LIQUIDATION PAYMENTS 94 PERCENT COMPLETED

Considerable progress toward liquidation of the production-control programs had been made by the end of 1936.

Of the estimated 3,040,000 payments, involving \$246,335,000 yet to be made on January 6, 1936, there had been made 2,861,246 payments involving \$230,430,000 or 94 percent, on December 31, 1936.

Table 11 shows payments by commodities, made from January 7 through December 31, 1936, compared with payments estimated on January 6, 1936, to be made.

It is estimated that \$15,905,000 will be spent in liquidating the remaining payments. At the close of the year the liquidation work involving rental and benefit payments was nearing completion, although a small number of claims for payments were still being received from time to time.

TABLE 11.—*Payments to producers made during the period Jan. 7 to Dec. 31, 1936, inclusive, compared with payments estimated on Jan. 6, 1936, as to be made, by commodities*¹

Commodity	Estimated as to be made Jan. 6, 1936	Made Jan. 7 to Dec. 31, 1936	Estimated percentage completed	Amount of payments		
				Estimated as to be made Jan. 6, 1936	Made Jan. 7 to Dec. 31, 1936	Estimated percentage completed
				<i>Thousands</i>	<i>Thousands</i>	
Corn-hogs.....	1,034,415	1,012,384	97.9	\$91,052	\$89,086	97.8
Cotton ¹	264,766	245,824	92.8	14,256	13,519	94.8
Wheat.....	1,081,318	983,262	90.9	100,329	90,000	89.7
Rye.....	7,420	0	0	410	0	0
Tobacco ²	401,193	387,937	96.7	8,774	8,378	95.5
Sugar ³	226,566	208,002	91.8	29,942	27,921	93.3
Peanuts.....	24,116	23,640	98.0	1,315	1,282	97.5
Rice.....	202	197	97.5	257	244	94.9
Total ¹	3,039,996	2,861,246	94.1	246,335	230,430	93.5

¹ Includes only programs involving rental and benefit payments, to be liquidated under Public, No. 440, 74th Cong. Liquidation of other programs, such as cotton option, cotton pool, and price adjustment payments, is being accomplished with funds from other appropriations and/or sources.

² Includes territorial tobacco payments.

³ Includes territorial sugarcane payments.

CHAPTER 8

THE COTTON PRODUCERS' POOL

SALIENT FACTS ABOUT OPERATIONS OF COTTON PRODUCERS' POOL

1. Cotton covered by options issued to producers who participated in 1933 cotton-reduction program 500-pound bales...	2, 447, 000
2. Exercise of options by direct sale through December 31, 1936:	
Number of producers so exercising options.....	132, 012
Number of bales sold.....	494, 145
Proceeds of such sales distributed among producers after deduction of 6 cents per pound option price.....	\$12, 766, 686. 37
3. Operations of producers' cotton option pool through December 31, 1936:	
Number of producers surrendering options.....	443, 422
Cotton covered by options surrendered 500-pound bales..	1, 951, 759
Total amount disbursed in advance to producers who surrendered options.....	\$51, 146, 516. 35
4. Purchase of trust certificates from participants in pool, through December 31, 1936:	
Cotton represented by trust certificates purchased 500-pound bales..	342, 618
Cash paid to producers for trust certificates.....	\$2, 965, 424. 47
5. Total amount distributed through December 31, 1936 to producers on account of options issued.....	\$66, 878, 687. 19

Among the cotton producers who cooperated in the 1933 adjustment programs of the Agricultural Adjustment Administration, about 576,000 farmers agreed to accept options on cotton previously acquired by the Government through the operations of the Federal Farm Board and other loan agencies, as part of their payment for reducing cotton acreages. The options were issued at the rate of 6 cents per pound and through December 31, 1936, covered about 2,447,000 bales (500-pound) of actual cotton and of futures contracts. It was agreed that if the cotton were sold for more than 6 cents a pound, the profits would accrue to the producers holding options. The Government proposed to bear the loss if the cotton were sold for less than 6 cents a pound.

The Secretary of Agriculture acquired about 2,482,000 bales (500-pound) of actual cotton and futures contracts from the Farm Credit Administration, which previously had obtained the cotton from existing agencies. To this amount 149 bales were added through increase in weight in converting futures into actual cotton.

Through December 31, 1936, producers to the number of 132,012 had ordered the exercise of their options on 494,145 bales of cotton, by direct sale at approximately 11.25 cents per pound. The proceeds of these sales, after the deduction of the option-purchase price of 6 cents per pound, amounted to \$12,766,686.37 and was distributed among the growers ordering the sale of the cotton.

On the same date there were options, unexercised, on about 1,023 bales of cotton. Some of these options were the subject of claims, some had been allowed to lapse, and some had not been exercised.

From the Secretary's account, through December 31, 1936, there had been sold against surplus and through agents, a total of 39,758 bales of actual cotton and futures.

I. POOL ESTABLISHED JANUARY 8, 1934

A producers' pool to handle the options of those holders who had not elected to sell their options direct was established on January 8, 1934, on the order of the Secretary of Agriculture, and a manager of the cotton pool was appointed. Contracts were entered into by and between the Secretary of Agriculture and holders of original cotton option contracts by which the manager of the cotton pool became the trustee of those holders of cotton options who elected to pool their interests.

In order to facilitate the servicing of the actual or spot cotton to be marketed by the pool manager, contracts were made with the American Cotton Cooperative Association, New Orleans, La., and the Staple Cotton Cooperative Association, Greenwood, Miss.

At the end of the calendar year 1936, option holders to the number of 443,422 had surrendered to this pool options against 1,951,759 bales of cotton, receiving in return participation trust certificates issued by the pool. To meet these options and cover these certificates, the Secretary had turned over to the pool 1,951,719 bales of cotton and futures.

All pool cotton has been sold and all pool obligations paid, except the vouchers and certificates held in surplus for investigation and current pool expenses. The cotton pool not only made possible a larger return to cooperating farmers, but it also served as the marketing agency for the stocks of cotton acquired by the Federal Farm Board and other loan agencies. The pool's transactions were carried out without any appreciable effect upon the market and an effort was made to prevent the operation from interfering with the movement of cotton in ordinary commercial channels.

II. PURCHASES OF TRUST CERTIFICATES INCREASED TOTAL

Two cash advances were made to the holders of pool trust certificates. The first was at the rate of 4 cents per pound. A total of \$39,035,180 had been disbursed under this advance to certificate holders through December 31, 1936. A second distribution, at the rate of 2 cents per pound, less a carrying charge of 0.48 cents per pound, was announced August 24, 1934. By the end of 1936 a total of \$12,-111,396.35 had been distributed in connection with this advance. Funds for making the first advance of 4 cents a pound were borrowed from commercial banks; those for making the 2-cent advance were borrowed from the Commodity Credit Corporation.

Amounts borrowed from the banks and the Commodity Credit Corporation were liquidated through sales of pool cotton and by advances to the Secretary of Agriculture by the Secretary of the Treasury. All amounts advanced by the Secretary of the Treasury have been repaid through funds received from the proceeds of the sale of pool cotton.

Since August 24, 1934, the manager of the cotton producers' pool has purchased trust certificates representing 342,618 bales of cotton and futures from their holders, and has sold a corresponding number of bales on the market.

From the prices paid for these certificates there were deducted: (1) The original option-purchase price of 6 cents per pound, (2) the 4-cent-per-pound advance that had been made on the cotton, and (3) carrying charges amounting to \$2.40 per bale. Cash paid to the producers who sold these certificates to the pool manager totaled \$2,965,424.47 through December 31, 1936.

III. PAYMENTS TO PRODUCERS ON ACCOUNT OF POOL OPERATIONS

The cotton obtained by the Secretary of Agriculture has been made the basis of the following payments, through December 31, 1936:

To option holders who exercised their options by direct sale----	\$12, 766, 686. 37
To certificate holders, under 4-cent advance-----	39, 035, 180. 00
To certificate holders, under 2-cent advance-----	12, 111, 396. 35
To holders of certificates purchased by manager of pool-----	2, 965, 424. 47
Total-----	66, 878, 687. 19

CHAPTER 9

CONSUMERS' COUNSEL

SALIENT FACTS ABOUT FOOD COSTS

1. Percentage increase in retail food costs January-December 1936-----	1. 6
2. Percentage increase in cost of living January-December 1936-----	1. 4
3. Percentage increase in per capita national income (excluding farm income) 1935-36-----	11. 2
4. Percent of retail food cost in December 1936 to 1924-29 average-----	79. 8
5. Percent of cost of living in December 1936 to 1924-29 average-----	\$1. 9
6. Percent of per capita national income (excluding farm income) in December 1936 to 1924-29 average-----	88. 8
7. Retail value of quantity of 58 foods consumed annually by a typical workingman's family:	
1929 average-----	\$415
1932 average-----	270
1936 average-----	342
8. Farm value of quantity of 58 foods consumed by a typical workingman's family:	
1929 average-----	\$195
1932 average-----	88
1936 average-----	152

The Consumers' Counsel Division performs a twofold function in the Administration. It cooperates with other divisions in the formulation and operation of the farm program. It disseminates to consumers pertinent information intended to assist them in wise and economical buying of farm products.

I. COOPERATION IN FORMING AND OPERATING FARM PROGRAM

The staff of the consumers' counsel has participated in economic analyses, conferences, and hearings that preceded the adoption of the soil conservation program, marketing agreements, and programs for the diversion of surplus farm products. In making recommendations, the Consumers' Counsel has been guided by section 7a (5) of the Soil Conservation and Domestic Allotment Act which provides that the act

* * * shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this section, due regard shall be given to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices favorable to both producers and consumers.

The Division also has participated increasingly in certain committee and other activities of the Department of Agriculture affecting interests of both farmers and consumers. Work with a committee organized to investigate palatability of meats in relation to commercial grades has yielded results that should prove helpful as a guide to any policy for mandatory grading of foodstuffs. A preliminary study of the nonfarm sources of income of persons on farms, undertaken by the division as one activity in the program of the farm income committee of the Department of Agriculture, should prove valuable in revising statistics on agricultural income. Under the Soil Conservation and Domestic Allotment Act the Secretary of Agriculture is directed to reestablish and maintain the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed from 1909 to 1914.

A survey of citrus fruit consumption in two representative cities was made in 1936 to supply factual data for operation of the farm program. Citrus production has been expanding and this has necessitated marketing agreements to regulate shipments. Information on the market for citrus products is essential. In April and May interviewers queried 1,000 housewives in St. Louis and an equal number in Baltimore to ascertain attitudes and preferences with respect to fresh oranges, fresh grapefruit, canned orange juice, canned grapefruit juice and five allied products. Collateral information was obtained from large scale users, such as restaurants, and wholesale grocers distributing canned juices. During the year the division also issued its final report of the 1934 survey on milk consumption in 59 cities as Publication No. 2, Consumers' Counsel Series.

The research section has analyzed factual data on food supplies and prices to determine the probable effect of the program on supplies available for domestic consumption. Records of retail prices of foods and other farm products, and of changes in retail prices compared with consumers' incomes, have been kept currently. Studies of the spread between farm and retail prices, processors' margins, and the financial statements of producers also have been made. This information is used principally in conjunction with the farm program, but has been made public to consumers through the Consumers' Guide press releases, public addresses, and radio programs. Such data for 1936 compared to previous years are reviewed in sections III, IV, and V, and compared with those of previous years.

II. INFORMING CONSUMERS

One way to help farmers to work toward stable production as a prerequisite of a sound soil-conservation program is to provide consumers with information needed in intelligent selection and utilization of agricultural products. Information on buying, which enables consumers to get the greatest possible value for their expenditures, may not only aid farmers to gauge their markets more accurately, but also may improve the demand for farm products.

A function of the consumers' counsel from the start has been to assemble nontechnical information on proper selection and preparation of food products, on changes in food supplies and prices, on the relative change in the price of food and other commodities, and on the costs of processing and distributing farm products. Consumers further have been informed as to the purpose and methods of agricul-

tural programs under the Soil Conservation and Domestic Allotment Act.

Widespread development of study classes on consumers' problems in schools, colleges, and welfare organizations during 1936 resulted in a substantial increase in requests for assistance from the consumers' counsel division. Groups unable to find adequate material elsewhere for use in their consumer education course turned to the division for material. Through personal conferences and correspondence, the division has helped these groups form study outlines. Their major interest was in consumer education in general, consumers' buying standards, and consumers' cooperatives. The study of consumer buying is now a major course in 2,000 schools and is included in home economics courses taught by 12,000 teachers. Several State departments of education have prepared manuals for complete course in consumer education.

Thousands of consumers during the course of a year write their individual and group buying problems to the consumers' counsel. A few of the questions raised which are of general interest are posed and answered in each issue of the Consumers' Guide. Considerable research is involved in meeting the many demands of this exceptionally heavy correspondence which comes from all parts of the country, from consumers with small and large incomes, and such research covers many aspects of production and distribution of agricultural products and their selection and utilization by the household consumer. In fact, the handling of this correspondence constitutes one of the major services of the division. During the last half of 1936 over 5,000 letters were answered in addition to requests for the Consumers' Guide and other publications of the division.

"Sources of Information on Consumer Education and Organization", a pamphlet, was published by the division in 1936 to acquaint study groups with governmental and nonprofit, nongovernmental agencies that would assist them in their work. In conjunction with the consumers' project of the Department of Labor, the division has compiled a bibliography of publications dealing with proper methods of selecting and using products. This "Consumers' Bookshelf" is published in the Consumers' Guide. It brings together for the first time a list of the many pamphlets available in this field which otherwise would be unknown to consumers.

PUBLICATION OF THE CONSUMERS' GUIDE

The Consumers' Guide, published every 2 weeks by the consumers' counsel division, has been the major method of disseminating consumer information. Circulation now has reached 100,000 copies compared with an initial distribution of 9,000 copies late in 1933. An analysis of subscribers made during 1936 indicates that it is used by many different groups: housewives, students, extension agents, editors, teachers, municipal and State officials, social and welfare organizations. Articles in the Guide have been reprinted in many periodicals, indicating the extent of general interest in consumer problems.

Periodic reports on food supplies and prices of agricultural commodities are published in the Consumers' Guide. Feature articles published in 1936 issues covered: Forecasts for future supplies; actual consumption of food in relation to standards of adequate

consumption; the effect of the drought on food supplies; preliminary findings of the citrus fruit consumption survey conducted by the consumers' counsel division; income of farm and nonfarm groups; food costs compared with factory pay rolls; descriptions of simple budgeting and home accounting methods; economies in food uses and new uses for foods. A special series on nutrition for children was published. Additional aids to housewives were articles on "Diets to Fit the Family Income" and various charts on "Adequate Diets at Minimum Cost" for different size families. Other articles described Government grading of meat; egg laws in 20 States; standards of various States for milk and dairy products; fruit and vegetable standard and poultry grading; the movement toward simplification of can sizes.

Detailed descriptions of the services of the National Bureau of Standards and their applicability to individual consumers' problems were given in another article. One issue devoted several pages to the activities of the Food and Drug Administration and its methods of enforcing Federal laws. Activities and accomplishments of farmers' and consumers' organizations, including producers' and consumers' cooperatives, and farmers' study clubs and conferences were reported. Soil-conservation problems and methods were treated at length in three issues. A digest of legislation proposed and passed in the Seventy-fourth Congress and a bibliography for consumers were also special features.

RADIO

The consumers' counsel division, in cooperation with the General Federation of Women's Clubs, broadcasts discussions of consumer problems once a week over a national network. These broadcasts are designed to promote a better understanding of the consumers' interest in the agricultural program and to acquaint consumers with government information and services available in helping them meet individual consumer problems.

III. FOOD SUPPLIES IN 1936 AND 1937

Drought conditions during 1936 not only reduced supplies of certain important foods but also disrupted the marketing season for livestock and poultry products. Prior to the drought livestock producers had planned to increase their herds, which had been depleted by the drought of 1934. However, the shortage of feed supplies forced them to abandon their plans and to market their animals in numbers larger than usual.

The supply of all foods available for domestic consumption during the year ending June 30, 1937, reduced to a per capita basis, is estimated to be 3 percent below that of the previous year. Compared with the 1925-29 period, per capita supplies are about 8 percent smaller. Milk, rice, poultry, and canned fruits and vegetables are the only items larger in supply per person than during that period.

Major reductions from 1935-36 levels occurred in supplies of white potatoes, fresh fruit, dry beans and sweetpotatoes, which were about 15 percent to 20 percent lower. Meat supplies, other than poultry, are expected to be slightly larger than during the previous year. However, an early marketing of animals has caused slaughter during the last 6 months of 1936 to be heavier than during the previous year,

while supplies during the first half of 1937 are expected to be below a year ago. Heavy slaughter of poultry due to high feed prices has resulted in unusually large poultry supplies. Products that are more plentiful than in 1935-36 are lard, rice, and fresh vegetables. Wheat supplies are at about the same level as a year ago. Supplies of most other foods are expected to be about 5 percent below their 1935-36 level.

IV. COST OF LIVING IN 1936

Living costs rose only moderately during 1936 despite drought reduction in food supplies and increase in consumer demand. The increase in cost was confined to the last half of the year, for during the early months the trend was downward. From June to September drought reduction of food supplies was principally responsible for the rise. During the last 3 months of 1936 advances in other items, principally clothing and house furnishing goods, pushed up costs. Food costs declined almost 2 percent after September but living costs in general remained unchanged because of increases of other items.

Table 12 indicates that the Bureau of Labor Statistics' index of cost of living for wage earners and low-salaried workers increased from 81.3 to 82.4, or 1.4 percent, between January and December. In December the cost of living index was 17 percent below that of December 1929 and about 8 percent above that of December 1932.

TABLE 12.—*Indexes of the cost of living in December 1936 and in comparable months of earlier years*

[1923-25=100]

Item	December 1929	December 1932	November 1934	January 1936	December 1936
All items.....	99.7	76.6	79.0	81.3	82.4
All items except food.....	96.8	82.1	80.8	81.2	82.1
Food.....	105.7	64.7	72.2	81.6	82.9
Clothing.....	92.2	69.5	77.8	78.3	79.6
Rent.....	93.3	72.7	62.7	63.5	65.4
Fuel and light.....	99.5	90.1	89.3	88.6	87.8
House furnishings.....	89.9	65.6	75.5	77.0	79.2
Miscellaneous.....	103.4	98.8	96.7	96.6	96.8

Rent and house furnishing goods exhibited the major increases during the year among the six items included in the index. Each of these items went up 3 percent while food and clothing costs, respectively, went up 1.6 percent and 1.7 percent. Miscellaneous items showed practically no net change during the year, while fuel and light costs declined 0.9 percent.

Consumer income increased at a faster rate than either the cost of living or food costs, so that consumers' purchasing power improved markedly during 1936. Food costs and the cost of living went up less than 2 percent. Labor income, as reflected in factory pay rolls, went up about 15 percent from 1935 to 1936 and national income from nonagricultural sources went up 12 percent. Consequently, the average gain in per capita purchasing power was about 10 percent. Table 13 shows total and per capita national income, excluding farm income, in 1936 and other recent years.

TABLE 13.—*National income (excluding farm income) by years, 1929–36.*

[1923–25=100]

Year	Total		Per Capita	
	Millions of dollars	Index numbers	Dollars	Index numbers
1929.....	71,609	118.0	792	106.1
1931.....	57,048	94.0	612	82.0
1933.....	42,054	69.3	449	60.1
1935.....	50,188	82.7	526	70.4
1936.....	56,315	92.8	585	78.3

Source: Agricultural Adjustment Administration, based on Department of Commerce reports.

V. COST OCCURRING BETWEEN PRODUCER AND CONSUMER

The farmers' share of the consumers' retail food dollar went up 2 cents from 1935 to 1936, according to data compiled by the Bureau of Agricultural Economics. Each year since the low level was reached in 1932 farmers have been receiving an increasing portion of the dollar spent by consumers for food, and a smaller share has gone to distributors. While the advance in the farmers' share during the past year was not as large as from 1934 to 1935, it carried it to the highest level since 1929. Most of the increase during 1936 occurred from June through August, for not much change resulted in other months.

Distribution of the retail food dollar between farmers and distributors is shown in table 14, based upon the estimated farm and retail costs of the quantities of 58 foods purchased annually by a typical working man's family in recent years. From 1935 to 1936 the average farm value of these foods went up from \$138 to \$152. Average retail costs advanced from \$331 to \$342 giving a narrower gross margin or spread between farm and retail costs. As a result farmers received 44 cents out of each retail food dollar in 1936 compared with 42 cents in the previous year. The farmers' share of the food dollar in 1936 was substantially below the amounts received in the years prior to 1920, but changes in distribution services and methods between these two periods limit the comparability of these figures.

TABLE 14.—*Farm value, retail value, and gross margin for marketing the annual quantity of 58 foods used by a typical workingman's family, for specified years*

Year	Farm value	Retail value	Gross margin between farm and retail values	Farmers' share of retail food dollar
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>
1925–29.....	196	411	215	48
1929.....	195	415	220	47
1932.....	88	270	182	33
1933.....	92	264	¹ 172	¹ 35
1934.....	108	295	¹ 187	¹ 37
1935.....	138	331	¹ 193	¹ 42
1936.....	152	342	190	² 44

¹ Includes processing taxes on wheat, rye, rice, hogs, corn, peanuts, and sugar. On the quantity of these products included in annual family purchases the taxes amounted to about \$2 in 1933, \$10 in 1934, and \$11 in 1935.

² Does not include Government benefit payments to farmers

Source: Division of Marketing Research, Bureau of Agricultural Economics, U. S. Department of Agriculture.

In addition to an increased share in the consumers' retail food dollar, farmers also received benefit payments from the Agricultural Adjustment Administration from 1933 to 1936. These benefit payments have not been included under the farmers' share in the table below. If they were included the farmers' share would be higher than indicated, and the increase from 1935 to 1936 would be smaller. All processing taxes on the amounts of these foods purchased annually have been included as a part of the margin between farm and retail values.

CHAPTER 10

LEGAL ASPECTS OF ADMINISTRATION

I. COURT DECISIONS RELATING TO THE AGRICULTURAL ADJUSTMENT ACT AND RELATED STATUTES IN 1936

GENERAL

A review of litigation during the period January 1, 1936 to December 31, 1936, discloses several important developments relating to the effect of certain provisions of the Agricultural Adjustment Act as originally enacted and as amended on August 24, 1935, and related statutes. The important points of this litigation may be summarized as follows:

1. The provisions of the act as originally enacted relating to production control by means of processing taxes and benefit payments were declared invalid in *United States v. Butler*, 297 U. S. 1. It was also held in *Rickert Rice Mills, Inc. v. Fontenot*, 297 U. S. 110, that provisions of the amendatory Act of August 24, 1935, relating to similar production control, were likewise invalid. These cases are more specifically described later in this report.

2. The marketing agreement and order provisions of the act, as amended on August 24, 1935, whereby the marketing of specified agricultural commodities in interstate and foreign commerce is regulated, were the subject matter of litigation in several cases. Orders relating to (a) oranges grown in California, (b) walnuts produced in California, and (c) fresh pears produced in California were upheld by United States District Courts. Orders relating to the handling of milk in and around Boston, Mass., and the District of Columbia, respectively, were declared invalid by United States District Courts. Appeals are now pending from decisions relating to the milk orders and the orange order. These and other important cases will be more specifically discussed below.

On January 1, 1936, several cases in which the validity of licenses issued prior to the amendatory Act of August 24, 1935, was involved, were pending. These cases were instituted by and against agencies created to administer the license. They involved, for the most part, matters of liquidation.

3. The Bankhead Cotton Act was before the Supreme Court in *Moor v. Texas & New Orleans Railroad Co.*, 297 U. S. 101, in which case the Court held that the record before it did not justify consideration of the validity of the act. The original suit in the Supreme Court of the United States of *State of Georgia v. Morgenthau, et al.*, 297 U. S. 726, was dismissed after the repeal of the act. The District Court for

the Eastern District of Texas held in *Wallace v. Thomas*, in granting a temporary injunction, that the act was unconstitutional. This case did not go to final hearing and, after the repeal of the act, was dismissed. Several other cases involving the act were not decided by an appellate court, and most of these were dismissed after the repeal of the act.

The Kerr-Smith Tobacco Act and the Potato Act were also repealed.

4. In addition to the class of cases mentioned above, there were numerous cases brought in State courts involving writs of garnishment, writs of attachment, executions after judgment, restraining orders, releases, settlements, and other court processes resulting from the attempts of creditors to reach benefit payment checks or claims to checks by trustees or receivers in bankruptcy. Cases of this character are rapidly decreasing in number as a result of the production-adjustment provisions of the act having been declared invalid.

5. There were numerous criminal proceedings in which the defendants were charged with defrauding, or conspiring to defraud, the United States in connection with transactions relating to the corn-hog adjustment contract programs of 1934 and 1935, and the emergency hog or cattle purchase programs of 1933 and 1934. In some of these cases instituted in 1936, or earlier, convictions were obtained. In other cases, the defendants were acquitted or the indictments quashed. A few of these cases are still pending.

NATURE OF EACH IMPORTANT CASE RELATING TO PROCESSING TAXES AND PRODUCTION CONTROL

1. *United States v. Butler*, 297 U. S. 1. This case involved the right of the United States to collect from the respondents, as receivers of Hoosac Mills Corporation, certain cotton-processing and floor-stock taxes imposed under the Agricultural Adjustment Act. The Federal District Court in Boston held, in October 1934, that the claim was valid and that the taxes should be paid. The Circuit Court of Appeals for the First Circuit, with Senior Circuit Judge Bingham dissenting, reversed the decision on the grounds that the act unlawfully delegated legislative power to the Secretary of Agriculture and that, under the guise of a tax, the statute attempted to control production of agricultural commodities in contravention of the Federal Constitution. The Supreme Court of the United States, by a 6 to 3 decision, affirmed the decision of the Circuit Court of Appeals, holding that the act authorized regulation of agricultural production in violation of the tenth amendment to the Federal Constitution; that the tax was a mere incident of such regulations; that the benefit-payment plan involved in the act amounted to coercion by economic pressure and that the challenged provisions of the act were accordingly invalid.

The minority of the court dissented in a vigorous opinion expressing, among others, the views that the suggestion of coercion through economic pressure lacked support in the record before the court or in any data showing how the statute was actually administered; that the courts may not properly pass upon the wisdom of legislative action and that the power of Congress to tax and spend included the power to alleviate a national economic emergency by gifts of money conditioned upon the doing of things to promote the general welfare. The case aroused wide interest throughout the country and 10 briefs

amici curiae were filed with the Court by attorneys representing processors, agricultural associations, National Association of Cotton Manufacturers, and the League for Economic Equality.

The effect of this decision was to stop all production-adjustment programs depending upon contracts with producers.

2. *Rickert Rice Mills, Inc., v. Fontenot*, 297 U. S. 110, and related cases. The petitioners were rice processors who sued for an injunction restraining the Collector of Internal Revenue for the District of Louisiana from assessing and collecting any processing tax on rice under the Agricultural Adjustment Act, as amended August 24, 1935. The suit was based upon the contention that the taxes were invalid and in violation of the Federal Constitution. The Federal District Court dismissed the bills of complaint and the Circuit Court of Appeals for the Fifth Circuit affirmed the decree of the lower court, holding that the taxpayers had a complete remedy at law to recover any taxes illegally exacted, and that the provisions of the act, as amended, deprived the court of any jurisdiction to grant an injunction restraining the collection of the tax.

The Supreme Court granted a writ of certiorari and restrained collection of the taxes, but directed that the taxes be paid to a designated depository to be withdrawn only upon further order of the Court. After argument and the filing of briefs, the Supreme Court vacated the decree of the district court and directed the repayment to the petitioners of the funds impounded, holding that the amendments of August 24, 1935, did not remedy the defects held to exist in the original act and that the exaction still lacked the quality of a true tax and remained a means for accomplishing an invalid regulation of agricultural production. The Court declined to decide whether a taxpayer had an adequate remedy at law under section 21 (d) of the statute, which conditioned any refund of a processing tax upon establishment by the taxpayer of the fact that he had not passed on the tax to the purchaser of the processed article, or deducted it from the price paid to the purchaser, or included it in his charge for processing.

The effect of this decision was to order lower courts to return to processors approximately \$200,000,000 in processing taxes that had been collected and impounded under court orders. Studies that have been made by the Department of Agriculture indicate that this money was matched by an equivalent amount collected by the processors from producers and consumers.

NATURE OF EACH IMPORTANT CASE RELATING TO MARKETING AGREEMENTS AND ORDERS

1. The walnut marketing order was the subject matter of litigation in several cases. A suit brought by growers in the District Court of the United States for the Southern District of California, whereby it was sought to enjoin the agency created to administer the order from enforcing the provisions of the same, was dismissed by the court without opinion, in *Basset v. Riggs*.

There were instituted in the United States District Court at Portland, Oreg., two cases, namely, *Hudson-Duncan & Co. v. Wallace*, and *L. J. Whitaker v. Wallace*, wherein the plaintiffs, acting under subsection (15) (B) of section 8c of title I of the act, asked the court to review rulings of the Secretary upon petitions filed by the respective plaintiffs pursuant to subsection (15) (A), alleging invalidity of the

order. The *Hudson-Duncan* case was held under advisement by the court after argument and the filing of briefs. The *Whitaker* case will await the outcome of the *Hudson-Duncan* case.

Two cases were instituted by the Government in the United States District Court for the Southern District of California against packers of walnuts for an accounting by them for surplus walnuts and for a permanent injunction against further violations of the order. These cases are *United States v. Groobman* and *United States v. Newman*. The *Groobman* case was fully heard on its merits and the court rendered a decision in favor of the Government. The *Newman* case is still pending.

2. The order regulating the handling of oranges grown in the State of California was the subject matter of litigation in several cases. Several suits were instituted by the Government in the District Court of the United States for the Southern District of California for restraining orders, temporary injunctions, and permanent injunctions against further violations of the order by handlers. These cases are *United States v. Edwards*, *United States v. Montgomery*, and *United States v. Lindsay Fruit Distributors, Inc.* A restraining order, followed by a temporary injunction, was issued in each case, and in the *Edwards* case a permanent injunction was issued. The last mentioned case is reported in 14 F. Supp. 384 and 16 F. Supp. 53, and an appeal from the decision of the District Court is now pending in the Circuit Court of Appeals for the Ninth Circuit. The *Montgomery* and *Lindsay* cases await final hearing. An additional suit in the same court was instituted by *Pico Citrus Association v. Hall et al.*, whereby it was sought to enjoin the United States Attorney from enforcing the order. This case is still pending. There was also instituted in the State court of California, namely, the superior court at Los Angeles, the case of *Forbes et al. v. Brock et al.*, which, while relating principally to the State license governing the marketing of grapefruit, resulted in a temporary injunction against the agency created to administer the order both in its capacity as a Federal agency and in its capacity as a State agency. The injunction related to grapefruit only.

3. The order regulating the shipping of fresh pears grown in the State of California was upheld by the District Court of the United States for the Northern District of California, without opinion, in *United States v. Buckley et al.*, trading as the Earl Orchard Company. In this case, the restraining order was followed by a temporary and permanent injunction against further violations, by handlers, of the order issued by the Secretary.

4. Orders regulating the handling of milk in and around Boston, Mass., and the District of Columbia, respectively, were involved in *United States v. Buttrick Co.*, 15 F. Supp. 655, in the District Court of the United States at Boston, relating to the Boston order, and in the companion cases of *Ganley v. United States* and *Leigh v. United States*, 17 F. Supp. 115, in the District Court of the United States for the District of Columbia, relating to the District of Columbia order. In each case the court held that the milk order and the applicable provisions of the act were invalid. An appeal is pending in each case.

5. The order regulating the handling of watermelons grown in the southeastern States of Florida, Georgia, North Carolina, and South Carolina was involved in the case of *United States v. Wiggins* in the District Court of the United States at Elizabeth City, N. C. This case was later dismissed by the Government.

6. The marketing agreement covering the handling of gum-turpentine and gum-rosin, executed prior to the amendatory act of August 24, 1935, is involved in the case of *Speh et al. v. Bullard et al.*, in the Federal Circuit Court of Appeals for the Fifth Circuit. The defendants appealed on jurisdictional grounds from an interlocutory order of the District Court enjoining members of the agency created to administer the agreement from expending funds for chemical research. The Circuit Court of Appeals upheld the District Court, final hearing was had, and the interlocutory order was made permanent. The defendants have taken an appeal from the decree of the District Court for permanent injunction.

II. ADMINISTRATIVE PROCEEDINGS

The amendatory act of August 24, 1935, provides, respecting orders issued by the Secretary of Agriculture regulating the handling in interstate and foreign commerce of specified agricultural commodities, that any handler subject to an order may file a written petition with the Secretary stating that the order is invalid, and praying for a modification of the order or an exemption therefrom. It is also provided that the handler shall be given a hearing upon such petition in accordance with regulations made by the Secretary, with the approval of the President, and that after such hearing the Secretary shall make a ruling upon the prayer of such petition. Any ruling by the Secretary upon the prayer of a petition, adverse to the petitioner, is made subject to judicial review upon the petitioner's application, in the appropriate District Court of the United States. Twelve petitions of this character were filed with the Secretary. Some were the joint petitions of many persons. The petitions filed related to orders regulating the handling of walnuts, Florida citrus fruit, California fresh pears, and milk in the Dubuque, Iowa, marketing area. Several of the petitioners withdrew their petitions. Administrative hearings, conducted in accordance with General Regulations, Series D., No. 1, were held on all outstanding petitions except one.

In the cases of *Hudson-Duncan & Co. v. Wallace*, and *L. J. Whitaker v. Wallace*, mentioned above, the handlers of walnuts asked the court to review the rulings of the Secretary made upon petitions filed by them. The remaining cases await rulings by the Secretary.

The Secretary is likewise empowered by the act, in connection with marketing orders issued by him, to hold an investigational hearing whenever he has reason to believe that any handler has violated or is violating provisions of any order. Such hearing is governed by General Regulations, Series E. No. 1. The proceeding is instituted by citation to the handler to show cause why the matter of his alleged violations should not be referred to the Attorney General of the United States for appropriate action. Only one such citation was issued during 1936, and it resulted in satisfactory assurances on the part of the handler.

III. LEGISLATION

As indicated above, the Act of February 10, 1936 (Public No. 433, 74th Cong.), as amended by the act of March 2, 1936 (Public No. 463), repealed the Bankhead Cotton Control Act of April 21, 1934, as amended (except sec. 24, authorizing the development of new and extended uses for cotton), the Kerr-Smith Tobacco Control Act of

June 28, 1934, as amended, and the Potato Act of 1935 (sec. 201-233 of the act of August 24, 1935). These three acts were auxiliary to the crop production adjustment provisions of the Agricultural Adjustment Act.

Provisions in the Supplemental Appropriation Act, fiscal year 1936 (Public, No. 440, 74th Cong.), approved February 11, 1936, conferred upon the Secretary of Agriculture authority:

(1) To make payments, out of a new appropriation of \$296,185,000, to farmers, and for administrative expenses, necessary to meet all obligations and commitments incurred prior to January 6, 1936 (the date of the decision of the Supreme Court of the United States in the *Butler case*), under the provisions of the Agricultural Adjustment Act as amended, or regulations issued under that act before January 6, 1936. These obligations and commitments were in connection with the production adjustment contracts held invalid in the *Butler case*, or in connection with applications for such contracts, involving corn and hogs, wheat, rye, cotton, tobacco, sugar, rice, and peanuts. Somewhat broadened authority to determine payments was conferred in an amendment approved June 25, 1936 (Public, No. 802, 74th Cong.).

(2) To carry out the provisions of the 1935 cotton price adjustment payment plan, which had been formulated under section 32 of the act of August 24, 1935, as a measure for encouraging foreign and domestic sales from the 1935 cotton crop. The only substantial changes the Congress made in the plan, as it had been announced by the Secretary of Agriculture prior to the decision in the *Butler case*, were (a) to eliminate from it the now invalid provision which conditioned the making of payments upon the producer undertaking to cooperate in the 1936 cotton adjustment contract program which had been formulated under the Agricultural Adjustment Act and abandoned after the *Butler* decision, and (b) to make the existing appropriation available for payment of the administrative expenses of carrying out the plan.

(3) To pay, out of appropriations available for administering the Bankhead Cotton Control Act, despite its repeal, the compensation to cotton ginner, authorized under section 17 (b) of that act on account of additional expenses incurred and borne by operators of gins during the 1935 ginning season because of the administration of that act. Section 3 of Public, No. 599, approved May 15, 1936, placed a time limit on the filing of applications for such compensation and laid down a substitute rule for passing out such applications.

(4) To purchase agricultural commodities and products, out of funds appropriated in section 32 of the act of August 24, 1935, during the fiscal years 1936 and 1937, without regard to section 3709, Revised Statutes, including purchases for donation to the Federal Surplus Commodities Corporation.

(5) To use for administrative expenses during the fiscal year 1936 not more than \$300,000 of the appropriation for that year made in section 32 of the act of August 24, 1935.

Elsewhere in this report are summarized the soil-conservation and market-expansion provisions of the act approved February 29, 1936, (Public, No. 461, 74th Cong.), adding sections 7 to 17 of the Soil Erosion Act of April 27, 1935, and renaming the statute the Soil Conservation and Domestic Allotment Act.

This same statute broadened the powers and scope of action under the provisions of section 32 of the act of August 24, 1935, and provided authority for reestablishing farmers' purchasing power by making pay-

ments in connection with the normal production of any agricultural commodity for domestic consumption. This act also contained authorizations respecting the availability of funds to carry out the Jones-Connally Cattle Act, and made available for wind erosion control in the southern Great Plains area the sum of \$2,000,000 out of an existing appropriation. Several amendments to section 22 of the Agricultural Adjustment Act, relative to imports, were also made in Public, No. 461.

The first annual appropriation to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act was made in section 2 of the Independent Offices Appropriation Act, 1937, approved March 19, 1936, Public, No. 479, Seventy-fourth Congress. The appropriation was of \$440,000,000 out of unappropriated funds and not more than \$30,000,000 additional out of funds appropriated in the Supplemental Appropriation Act for payments for agricultural adjustment.

In section 7 (c), title IV, of the First Deficiency Appropriation Act, fiscal year 1936, approved June 22, 1936 (Public, No. 739, 74th Cong.), the Congress made it clear that the existing appropriation to carry out sections 7 to 17 of Public, No. 461, was available for a naval stores conservation program.

Subsequently, by Public Resolution No. 131, approved June 24, 1936, the Congress amended section 11 of Public, No. 461, relative to administrative expenses of committees or associations of producers.

For the purposes of authorizing the completion of certain records and operations resulting from the administration of the Kerr-Smith Tobacco Control Act, the Bankhead Cotton Control Act, and the Potato Act of 1935, repealed, and making funds available therefor, Public Resolution No. 76, Seventy-fourth Congress, approved March 14, 1936, was enacted. The resolution made available until September 1, 1936, not to exceed \$1,068,825 of the appropriation for payments for agricultural adjustment contained in the Supplemental Appropriation Act, fiscal year 1936. It also authorized the use of part of this sum to complete the work of auditing vouchers and payment of freight bills in transactions in the purchase and sale of seed pursuant to the Emergency Appropriation Act, fiscal year 1935.

An act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States, referred to elsewhere in this report, was approved April 25, 1936 (Public, No. 534, 74th Cong.); and in the First Deficiency Appropriation Act, fiscal year 1936, approved June 12, 1936 (Public, No. 739, 74th Cong.), an appropriation of \$300,000 to carry out the new Act was made available out of the funds appropriated by section 12 (a) of the Agricultural Adjustment Act, as amended.

The Revenue Act of 1936, approved June 22, 1936 (Public, No. 740, 74th Cong.), deals in title III with tax on unjust enrichment, title IV with export, charitable, etc., refunds and floor stocks adjustment under Agricultural Adjustment Act, and in title VII with refunds of amounts collected under the Agricultural Adjustment Act. It repealed, amended, supplemented, or reenacted numerous provisions of the Agricultural Adjustment Act, as amended, which were affected by the decision in the *Butler case*.

Congress, in title III of this act, endeavored to recover for the Government approximately \$200,000,000 in processing taxes impounded under court orders, which the Supreme Court had ordered

returned to the processors who, it is indicated in studies by the Department of Agriculture, had collected an equivalent amount from producers and consumers.

Public Resolution No. 109, Seventy-fourth Congress, approved June 19, 1936, modified and extended the Jones-Costigan Sugar Act, approved May 9, 1934 (Public, No. 213, 73rd Cong.), by ratifying sugar quotas and allotments theretofore made under the act and providing that the act, except as to processing and other taxes and producer contracts, shall remain in force until December 31, 1937. The resolution also provided that in order to regulate interstate and foreign commerce respecting sugar, quotas for 1936 and 1937 shall be the same as those initially established for 1936, subject to adjustment as provided in the act.

CHAPTER 11

FINANCIAL REPORT

The Agricultural Adjustment Act became effective May 12, 1933. Since that date funds have been made available to the Agricultural Adjustment Administration and have been expended in three major fields of activity:

(1) In making benefit payments to producers who agreed by contract to adjust, and did adjust, their production of certain basic agricultural commodities, under the production-adjustment programs, and in connection with the administration of such programs. The production-adjustment provisions of the Agricultural Adjustment Act were declared invalid by the United States Supreme Court on January 6, 1936, and the production-adjustment programs were terminated. However, Congress appropriated additional funds to complete liquidation of obligations and commitments to producers, incurred in connection with these programs.

(2) In making benefit payments to farmers to enable them to adopt such soil-conserving practices on their farms as effectuate the purposes of the Soil Conservation and Domestic Allotment Act of 1936, in accordance with the provisions of that act.

(3) In carrying on programs for improving the marketing conditions surrounding certain agricultural commodities, through marketing plans, through removing burdensome surpluses from regular market channels, and through encouraging new and additional uses and market outlets for farm products.

I. EXPENDITURES IN THE CALENDAR YEAR 1936

Table 15 lists the expenditures made during the calendar year 1936, by sources and purposes for which the various funds were made available. Each item in table 15 is explained and amplified in the sections that follow the table.

TABLE 15.—*Expenditures by the Agricultural Adjustment Administration during the calendar year 1936, by sources and purposes of funds*

[Figures in italics show refunds and adjustments from other years; also checks issued and in transit but invalidated by court decision on Jan. 6, 1936; which were canceled, credited back against the old appropriation, and reissued under the new appropriation for meeting obligations incurred prior to Jan. 6, 1936.]

Source and purpose

Advances from Treasury in anticipation of processing-tax collections:

	<i>Amount</i>
Rental and benefit payments:	
Cotton.....	\$890, 293. 64
Wheat.....	40, 233. 61
Corn and hogs.....	184, 108. 25
Tobacco.....	59, 547. 36
Sugar.....	3, 480, 695. 06
Peanuts.....	2, 187. 91
Rice.....	757. 73
Less canceled checks undistributed.....	467, 348. 76
Total.....	3, 737, 415. 26

TABLE 15.—*Expenditures by the Agricultural Adjustment Administration during the calendar year 1936, by sources and purposes of funds—Continued*

Advances from Treasury in anticipation of processing-tax collections—Continued.

Removal of surpluses:

	<i>Amount</i>
Hogs.....	\$2, 916, 523. 99

Refunds of taxes:

Cotton.....	59, 526. 21
Cotton ginning.....	38. 16
Wheat.....	81, 667. 73
Corn and hogs.....	985, 184. 31
Tobacco.....	69. 76
Sugar.....	3, 952. 45
Peanuts.....	503. 46
Rice.....	22, 207. 00

Total.....	1, 153, 072. 76
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Administrative expenses:

Cotton.....	169, 713. 95
Cotton (Bankhead).....	467, 890. 12
Wheat.....	143, 399. 35
Corn and hogs.....	137, 150. 42
Tobacco.....	71, 338. 96
Sugar.....	352, 309. 77
Peanuts.....	12, 149. 49
Potatoes.....	67. 37
Rice.....	11, 855. 10
Rye.....	2, 595. 64
Dairy products.....	308. 73
Undistributed.....	30, 643. 70

Total.....	1, 332, 326. 46
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Total.....	1, 000, 144. 97
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Appropriation to liquidate obligations outstanding as of Jan. 6, 1936:

Rental and benefit payments:

Cotton.....	13, 608, 790. 80
Wheat.....	92, 320, 125. 14
Tobacco.....	8, 520, 705. 07
Corn and hogs.....	91, 461, 842. 81
Sugar.....	24, 511, 711. 93
Rice.....	255, 858. 33
Peanuts.....	1, 283, 509. 13

Total.....	231, 962, 543. 21
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Removal of surpluses:

Wheat.....	15, 351. 34
Hogs.....	3, 152. 63

Total.....	18, 503. 97
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Administrative expenses:

Liquidating adjustment programs.....	6, 115, 144. 29
Liquidating Bankhead Cotton, Kerr Tobacco, and Potato Acts.....	756, 381. 21
Seed-purchase program.....	17, 809. 00

Total.....	6, 889, 334. 50
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Total.....	238, 870, 381. 68
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TABLE 15.—*Expenditures by the Agricultural Adjustment Administration during the calendar year 1936, by sources and purposes of funds—Continued*

Advances from the Treasury in anticipation of tax collections under Kerr Tobacco Act:	
Administrative expenses.....	Amount \$111, 682. 76
Appropriation for administrative and other expenses under section 12 (a) of the Agricultural Adjustment Act:	
Administrative expenses—general.....	6, 838, 195. 02
Appropriation in connection with tobacco compacts and agreements among tobacco States, approved Apr. 25, 1936:	
Administrative expenses.....	7. 77
Warranted from processing-tax collections for purchase of surplus beet sugar:	
Removal of surplus beet sugar.....	110, 951. 07
Appropriation to put into effect Jones-Connally amendment to the Agricultural Adjustment Act:	
Purchase of cattle.....	2, 154. 00
Removal of surplus dairy products.....	1, 677, 461. 25
Eradication of diseased cattle.....	9, 241, 272. 80
Administrative expenses.....	2, 834, 822. 19
Total.....	13, 751, 402. 24
Transfer under National Industrial Recovery Act to supplement processing taxes:	
Rental and benefit payments:	
Corn and hogs.....	30, 874. 83
Transfer under National Industrial Recovery Act for administrative expenses in connection with codes and code histories:	
Administrative expenses.....	2, 678. 29
Allotment under Emergency Appropriation Act, fiscal year 1935, for drought relief:	
Purchase of cattle.....	3, 247. 98
Purchase of sheep and goats.....	336. 05
Purchase of seed.....	196, 636. 54
Purchase of feed and forage.....	30, 860. 69
Administrative expenses.....	749, 181. 84
Total.....	973, 095. 04
Transfer from Federal Emergency Relief Administration for administrative expenses in connection with submarginal land projects:	
Administrative expenses.....	13, 933. 68
Puerto Rico trust fund for making payments to producers in connection with sugarcane adjustment program in Puerto Rico:	
Rental and benefit payments:	
Sugar.....	17, 434. 32
Allotment under section 37 of the act of Aug. 24, 1935, in connection with the elimination of diseased cattle and for other purposes:	
Removal of surplus.....	90, 810. 31
Administrative expenses.....	54, 593. 96
Total.....	145, 404. 27
Appropriation to put into effect agricultural conservation program under amendment to the Soil Conservation and Domestic Allotment Act approved Feb. 29, 1936:	
Conservation performance payments.....	23, 624, 197. 65
Advances to agricultural conservation associations.....	8, 699, 105. 46
Administrative expenses.....	10, 300, 147. 43
Total.....	42, 623, 450. 54

TABLE 15.—*Expenditures by the Agricultural Adjustment Administration during the calendar year 1936, by sources and purposes of funds—Continued*

Appropriation to put into effect section 32 of the act of Aug. 24, 1935, in connection with exportation and domestic consumption of agricultural commodities:

Cotton price-adjustment payment plan:		Amount
Price-adjustment payments	-----	39, 545, 331. 51
Administrative expenses	-----	2, 705, 760. 01
Total	-----	42, 251, 091. 52
Removal and diversion programs, fiscal year 1936:		
Diversion programs	-----	2, 193, 138. 31
Commodity purchase programs	-----	6, 318, 445. 79
Administrative expenses	-----	53, 469. 98
Total	-----	8, 565, 054. 08
Removal and diversion programs, fiscal year 1937:		
Cattle and sheep diversion in drought areas	-----	102, 312. 96
Removal and diversion of miscellaneous surplus commodities	-----	2, 027, 140. 56
Total	-----	2, 129, 453. 52
Total	-----	52, 945, 599. 12
Grand total	-----	357, 338, 617. 30

ADVANCES FROM THE TREASURY IN ANTICIPATION OF PROCESSING TAX COLLECTIONS

The Agricultural Adjustment Act provided that, upon a joint estimate made by the Secretary of the Treasury and the Secretary of Agriculture, Treasury funds not otherwise appropriated would be advanced to the Secretary of Agriculture for carrying out the provisions of the Agricultural Adjustment Act. Processing taxes when collected would be applied to offset such advances.

Expenditures from these advances by the Treasury from January 1, 1936, through January 6, 1936, the date of the so-called *Hoosac Mills* Decision, totaled \$1,000,144.97. This represents actual expenditures through that date.

ADVANCES FROM TREASURY IN ANTICIPATION OF TAX COLLECTIONS UNDER THE KERR TOBACCO ACT

The Kerr Tobacco Act, as amended August 24, 1935, authorized Treasury advances to the Secretary of Agriculture in anticipation of taxes therein levied and the expenditure of such advances for rental and benefit payments, administrative expenses, refunds of taxes, etc., provided such taxes, when collected, be applied to offset these advances.

From January 1, 1936, to the repeal of the Kerr Act on February 10, 1936, there was expended \$111,682.76 from the advances.

WARRANTED FROM PROCESSING TAX COLLECTIONS FOR SURPLUS BEET SUGAR PURCHASES

Section 16 (d) of the Agricultural Adjustment Act, as amended by section 17 of the Jones-Costigan Sugar Act, approved May 9, 1934,

authorized the Secretary of Agriculture to purchase with available tax proceeds not to exceed 300,000 tons (raw value) of beet sugar from such domestically produced surplus stocks as exist in the United States. For the purchase of such surplus beet sugar, \$8,000,000 was originally set aside. Expenditures from this fund from January 1, 1936, through January 6, 1936, amounted to \$110,951.07. Because of the Supreme Court decision on January 6, 1936, invalidating the use of processing tax funds, the balance of the fund reverted to the Treasury.

TRANSFER UNDER NATIONAL INDUSTRIAL RECOVERY ACT TO SUPPLEMENT PROCESSING TAXES

The President, on November 29, 1933, allocated \$37,000,000 to the Agricultural Adjustment Administration from funds appropriated to execute section 220 of the National Industrial Recovery Act. This allocation to the Agricultural Adjustment Administration was to supplement proceeds from processing taxes on corn and hogs. From this allocation \$36,967,504.42 was expended through January 6, 1936. The unexpended balance reverted to the Treasury.

PUERTO RICO TRUST FUND FOR MAKING PAYMENTS TO PRODUCERS IN CONNECTION WITH THE SUGARCANE ADJUSTMENT PROGRAM IN PUERTO RICO

Rental and benefit payments aggregating \$1,552,469.44 were made from this fund through January 6, 1936, at which time the Supreme Court decision invalidated further use of processing tax funds. The balance of \$697,530.56 reverted to the Treasury.

In order that payments might be made to Puerto Rican sugarcane producers in connection with the Puerto Rican sugarcane adjustment program, \$2,250,000 was made available to the Agricultural Adjustment Administration. This fund was derived from processing taxes on sugar beets or sugarcane produced in or coming from Puerto Rico, as a separate fund under section 15 of the Agricultural Adjustment Act.

APPROPRIATION TO LIQUIDATE OBLIGATIONS OUTSTANDING AS OF JANUARY 6, 1936, IN CONNECTION WITH PRODUCTION ADJUST- MENT PROGRAMS IN EFFECT AS OF THAT DATE

When the Supreme Court decision on January 6, 1936, invalidated the use of processing tax funds, considerable unliquidated obligations and commitments in connection with the production adjustment programs were outstanding. Congress appropriated (Feb. 11, 1936) \$296,185,000 to meet such obligations and commitments. Of this amount \$30,000,000 was transferred to the appropriation "Conservation and Use of Agricultural Land Resources" as provided by the act of March 19, 1936; and \$453,100 was returned to the Treasury pursuant to Public Resolution 76, Seventy-fourth Congress (approved Mar. 14, 1936), leaving a net balance of \$265,731,900 with which to meet the Agricultural Adjustment Administration obligations and commitments referred to above.

Expenditures from this appropriation through December 31, 1936, amounted to \$238,870,381.68. There remains available \$26,861,518.32 for the completion of the work for which these funds were appropriated.

Details of these expenditures are set forth in table 16.

TABLE 16.—*Expenditures from appropriation made for liquidating obligations outstanding as of Jan. 6, 1936, and completion of 1935 production-adjustment programs in effect as of that date, through Dec. 31, 1936*

Rental and benefit payments:	
Cotton.....	\$13, 608, 790. 80
Wheat.....	92, 320, 125. 14
Corn and hogs.....	8, 520, 705. 07
Tobacco.....	91, 461, 842. 81
Sugar.....	24, 511, 711. 93
Peanuts.....	255, 858. 33
Rice.....	1, 283, 509. 13
Total.....	231, 962, 543. 21
Removal of surplus:	
Wheat.....	15, 351. 34
Hogs.....	3, 152. 63
Total.....	18, 503. 97
Administrative expenses in liquidating:	
Adjustment program.....	6, 115, 144. 29
Bankhead Cotton, Kerr Tobacco, and Potato Acts.....	756, 381. 21
Purchase of seed program.....	17, 809. 00
Total.....	6, 889, 334. 50
Grand total.....	238, 870, 381. 68

APPROPRIATION TO CARRY INTO EFFECT THE JONES-CONNALLY AMENDMENT TO THE AGRICULTURAL ADJUSTMENT ACT

Congress on May 25, 1934, appropriated \$100,000,000 to enable the Secretary to carry out the provisions of section 2 of the Jones-Connally Cattle Act, and \$50,000,000 for the execution of section 6 of that act (Public Resolution, No. 27, 73d Cong.). The \$100,000,000 appropriation was available in part to finance surplus and production reductions in the dairy and beef cattle industries and to support and balance the markets for the products of those industries. Part of the expenditures in the emergency livestock purchase program were financed from this fund. The \$50,000,000 appropriation was also available in part for financing the purchase of dairy and beef products for relief distribution by the Federal Surplus Commodities Corporation and for the elimination of diseased cattle.

Expenditures from this fund from January 1, 1936, through December 31, 1936, totaled \$13,751,402.24. Expenditures from the date of the original appropriation through December 31, 1936, were made as follows:

Original appropriation.....		\$150, 000, 000. 00
Reappropriated by act of June 4, 1936.....	\$21, 364, 000. 00	
Estimated unobligated balance to revert to Treasury due to expiration of appropriation.....	11, 365, 750. 00	
		32, 729, 750. 00
Net.....		117, 270, 250. 00
Emergency cattle purchases.....	62, 288, 395. 99	
Purchases of surplus dairy products.....	13, 019, 584. 29	
Indemnities paid for elimination of diseased cattle.....	27, 924, 374. 49	
Administrative expenses.....	11, 083, 243. 61	
Total expenditures.....		114, 315, 598. 38
Unexpended balance.....		2, 954, 651. 62

TRANSFER UNDER NATIONAL INDUSTRIAL RECOVERY ACT FOR ADMINISTRATIVE EXPENSES IN CONNECTION WITH CODE HISTORIES

The National Industrial Recovery Administration made available to the Agricultural Adjustment Administration \$554,000 for administrative expenses in connection with the compilation of histories on the formulation and administration of certain codes of fair competition delegated under the National Recovery Act by presidential order to the Agricultural Adjustment Administration.

Expenditures from this fund from January 1, 1936, through December 31, 1936, amounted to \$2,678.29. Of the unexpended balance of \$54,135.64, the unobligated amount of \$51,820 was returned to the original appropriation, leaving an unexpended balance of \$2,315.64.

DROUGHT RELIEF ALLOTMENT UNDER EMERGENCY APPROPRIATION ACT, FISCAL YEAR 1935

The Emergency Appropriation Act for the fiscal year 1935 authorized the President to allocate \$525,000,000 to supplement appropriations previously made for emergency and additional purposes, including purchase, sale, gift or other disposition of seed and feed, and freight and summer fallowing in connection therewith. Of this amount, \$97,780,000 was allocated to the Secretary of Agriculture, who, in turn, allocated \$86,804,400 to the Agricultural Adjustment Administration for expenditure in connection with drought relief. In the calendar year 1936 a total of \$973,095.04 was expended from this allocation. From the date of the original allocation through December 31, 1936, there had been expended from this allotment \$80,303,274. 25.

Allocation of this fund and expenditures from it, through December 31, 1936, were as follows:

Original fund allocated to Agricultural Adjustment Administration.....	\$86, 804, 400. 00
Unobligated balance returned to Treasury due to expiration of appropriation.....	-6, 004, 491. 31
Total funds available for obligation by Agricultural Adjustment Administration.....	80, 799, 908. 69
Expenditures:	
Emergency cattle purchase program.....	\$49, 995, 108. 44
Emergency purchase of sheep and goats..	7, 709, 864. 55
Purchase of seed.....	19, 179, 358. 10
Purchase of feed and forage.....	86, 060. 80
Administrative expenses.....	3, 332, 882. 36
Total expenditures.....	80, 303, 274. 25
Unexpended balance.....	496, 634. 44

TRANSFER FROM FEDERAL EMERGENCY RELIEF ADMINISTRATION FOR ADMINISTRATIVE EXPENSES ON SUBMARGINAL LAND PROJECTS

The Federal Emergency Relief Administration advanced \$1,970,-034.16 to the Agricultural Adjustment Administration for expenses in connection with the removal of submarginal land from agricultural

production. Of this amount \$327,000 was returned when this activity was transferred to the Resettlement Administration.

Expenditures by the Agricultural Adjustment Administration from January 1, 1936, through December 31, 1936, amounted to \$13,933.68, leaving an unexpended balance at that time of \$50,324.34.

APPROPRIATION FOR ADMINISTRATIVE AND OTHER EXPENSES UNDER SECTION 12 (a) OF THE AGRICULTURAL ADJUSTMENT ACT

The Agricultural Adjustment Act appropriated \$100,000,000 for expenses, administrative and otherwise. In accordance with the provisions of Public 739 approved June 22, 1936, \$300,000 from this appropriation was made available until June 30, 1938, to carry into effect "An act relating to compacts and agreements among States in which tobacco is produced providing for the control of production of, or commerce in, tobacco in such States and for other purposes." Expenditures in connection with the State tobacco-compact act through December 31, 1936, amounted to \$7.77. General administrative expenditures from the balance of the appropriation in the Agricultural Adjustment Act, in the calendar year 1936, amounted to \$6,838,195.02. This left an unexpended balance of \$83,231,078.17. Expenditures directly connected with programs and activities for which other funds have been appropriated, have been charged directly against such other appropriations.

APPROPRIATION TO CARRY INTO EFFECT SECTION 32 OF THE ACT OF AUGUST 24, 1935

Congress, on August 24, 1935, appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the calendar year preceding the beginning of each fiscal year.

Under this appropriation programs have been formulated to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption, (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce; and (3) reestablishing farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption.

The amount appropriated for the fiscal year ending June 30, 1936, was \$92,111,741 and for the fiscal year ending June 30, 1937, was \$109,139,621.

Of these amounts there has been made available to the Agricultural Adjustment Administration \$82,861,741, of which \$43,000,000 was allocated to execute the 1935 Cotton Price Adjustment payment plan as provided in the Supplemental Appropriation Act of February 11 1936.

Expenditures from January 1, 1936, through December 31, 1936, amounted to \$52,945,599.12, leaving an unexpended balance of \$29,916,141.88.

**ALLOTMENT UNDER SECTION 37 OF THE ACT OF AUGUST 24, 1935,
IN CONNECTION WITH THE ELIMINATION OF DISEASED CATTLE
AND FOR OTHER PURPOSES**

Congress, in the Agricultural Appropriation Act approved June 4, 1936, appropriated \$21,364,000 of the unobligated balance of funds appropriated by Public Resolution No. 27, approved May 25, 1934, and reappropriated by section 37 of the act approved August 24, 1935, together with the unobligated balance of the appropriation made by section 37.

Of this amount the Secretary of Agriculture allocated \$7,500,000 to the Agricultural Adjustment Administration for the purchase of surplus dairy products for relief distribution.

Expenditures through the calendar year 1936 amounted to \$145,-404.27, leaving an unexpended balance of \$7,354,595.73.

**APPROPRIATION TO CARRY INTO EFFECT AGRICULTURAL CONSER-
VATION PROGRAM AUTHORIZED BY THE SOIL CONSERVATION
AND DOMESTIC ALLOTMENT ACT**

Congress, in the act approved March 19, 1936, appropriated \$440,-000,000, plus not more than \$30,000,000 made available in the Supplemental Appropriation Act (Mar. 19, 1936), to execute the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act approved February 29, 1936.

Expenditures from this combined fund through December 31, 1936, amounted to \$42,623,450.54, leaving an unexpended balance of \$427,376,549.46. *

**II. COLLECTIONS OF PROCESSING AND RELATED TAXES
IN 1936 AND CUMULATIVE**

Table 17 gives the receipts from processing and related taxes levied under the Agricultural Adjustment Act and related legislation. Collection of processing taxes was terminated on January 6, 1936, under the Supreme Court decision holding them invalid. Cotton-ginning taxes, potato-sales taxes, and tobacco-sales taxes were collected until February 10, 1936, when the various acts under which they were levied were repealed.

TABLE 17.—*Receipts from processing and related taxes through Dec. 31, 1936*¹

Nature of tax	Date tax effective	Receipts Jan. 1, 1936, through Dec. 31, 1936	Receipts May 12, 1933, through Dec. 31, 1936
Processing taxes:			
Cotton.....	Aug. 1, 1933	\$219, 263. 26	\$246, 081, 073. 65
Jute and paper.....	Dec. 1, 1933	26, 959. 45	13, 103, 803. 90
Wheat.....	July 9, 1933	294, 734. 06	250, 923, 623. 49
Tobacco.....	Oct. 1, 1933	411, 899. 78	64, 040, 054. 80
Corn.....	Nov. 5, 1933	38, 340. 18	12, 270, 646. 92
Hogs.....	do.....	527, 618. 97	270, 608, 703. 86
Sugar.....	June 8, 1934	1, 294, 839. 41	101, 621, 986. 08
Peanuts.....	Oct. 1, 1934	7, 067. 05	3, 709, 987. 05
Rice.....	Apr. 1, 1935	23, 734. 98	694, 841. 01
Rye.....	Sept. 1, 1935	29, 645. 99	175, 475. 88
Unclassified.....		² 364, 304. 48	-----
Total.....		2, 509, 798. 65	963, 230, 196. 64
Cotton ginning taxes.....	Apr. 21, 1934	141, 186. 93	1, 562, 097. 89
Tobacco sales taxes.....	June 28, 1934	451, 101. 14	4, 446, 255. 41
Potato sales taxes.....	Dec. 1, 1935	43, 625. 07	43, 900. 64
Grand total.....		3, 145, 711. 79	969, 282, 450. 58
Less taxes collected and due United States possessions.....		382, 524. 23	25, 075, 598. 74
Net tax receipts.....		2, 763, 187. 56	944, 206, 851. 44

¹ Processing tax collections were terminated on Jan. 6, 1936, because of having been invalidated on that date by the Supreme Court decision. Other taxes were collected until Feb. 10, 1936, when the acts under which they were imposed were repealed.

² \$3,543,960.11 unclassified as to commodity in 1933, classified and distributed among proper commodities in following years 1934, 1935, and 1936, with an offset to that amount shown as a minus amount.

III. EXPENDITURES SUMMARIZED BY CHARACTER

Expenditures under the Agricultural Adjustment Act, from May 12, 1933, through December 31, 1936, including those for administrative expenses related to agricultural adjustment under the act, for rental and benefit payments to contracting producers, for the removal and conservation of agricultural surpluses, and for drought relief, food conservation, and cattle disease eradication operations, are summarized by character in table 18.

TABLE 18.—*Expenditures by Agricultural Adjustment Administration, by character and commodity, from May 12, 1933, through Dec. 31, 1936*

Administration:	
Washington, D. C.....	¹ \$46, 652, 899. 30
Field.....	63, 255, 456. 99
Total.....	109, 908, 356. 29
Rental and benefit payments:	
Cotton.....	348, 015, 104. 48
Wheat.....	347, 904, 560. 90
Tobacco.....	61, 835, 089. 73
Corn and hogs.....	488, 273, 544. 27
Sugar.....	85, 063, 366. 87
Rice.....	9, 639, 631. 88
Peanuts.....	3, 710, 570. 25
Less cancelled checks undistributed.....	—467, 348. 76
Total.....	1, 343, 974, 519. 62
Removal and conservation of surpluses:	
Hogs.....	43, 254, 801. 86
Wheat and flour.....	6, 373, 863. 34
Dairy products.....	24, 058, 631. 91
Sugar and syrup.....	536, 695. 33
Peanuts.....	1, 052, 682. 13
Miscellaneous commodities.....	10, 134, 026. 82
Total.....	85, 410, 701. 39
Drought relief, food conservation, and disease-eradication operations:	
Cattle.....	140, 320, 385. 82
Sheep and goats.....	7, 709, 864. 55
Seed.....	19, 179, 358. 10
Feed and forage.....	86, 060. 80
Total.....	167, 295, 669. 27
Refunds of taxes.....	42, 611, 096. 02
Cotton price-adjustment payments.....	39, 545, 331. 51
Agricultural payments to cotton ginner.....	883, 680. 06
Grants to agricultural producers:	
Performance payments.....	23, 337, 812. 61
County agricultural conservation associations.....	8, 699, 105. 46
Naval stores.....	286, 385. 04
Total.....	32, 323, 303. 11
Grand total.....	² 1, 821, 952, 657. 27

¹ Includes \$2,713,600 transferred to division of disbursements for administrative expenses.² This figure does not include payments with respect to cotton options.

IV. SOURCES AND AMOUNTS OF FUNDS MADE AVAILABLE TO THE AGRICULTURAL ADJUSTMENT ADMINISTRATION, AMOUNTS EXPENDED THEREFROM, AND BALANCES REMAINING UNEXPENDED, FROM MAY 12, 1933, THROUGH DECEMBER 31, 1936

Table 19 shows the sources and amounts of funds that have been made available to the Agricultural Adjustment Administration, from the approval of the Agricultural Adjustment Act May 12, 1933, through December 31, 1936, together with the expenditures that have been made from these funds, and the balances that remained unexpended on January 1, 1937.

TABLE 19.—*Sources and amounts of funds made available to the Agricultural Adjustment Administration, amounts expended therefrom, and balances remaining available for expenditure, from May 12, 1933, through Dec. 31, 1936*

	Amounts made available to Agricultural Adjustment Administration	Expenditures through Dec. 31, 1936	Balance of funds remaining Jan. 1, 1937 ¹
Advances from the Treasury in anticipation of processing-tax collections ²	\$1, 234, 434, 659. 68	\$1, 234, 434, 659. 68	-----
Advances from the Treasury in anticipation of tax collections under Tobacco Act ²	756, 324. 20	756, 324. 20	-----
Warranted from processing taxes collected for purchase of beet sugar.....	476, 487. 51	476, 487. 51	-----
Transfer under National Industrial Recovery Act to supplement processing taxes.....	36, 967, 504. 42	36, 967, 504. 42	-----
Puerto Rico trust fund for making payments to producers in connection with sugarcane adjustment program in Puerto Rico.....	1, 552, 469. 44	1, 552, 469. 44	-----
Appropriation to liquidate obligations outstanding as of Jan. 6, 1936, in connection with production-adjustment programs in effect as of that date.....	265, 731, 900. 00	238, 870, 381. 68	\$26, 861, 518. 32
Appropriation to put into effect Jones-Connally amendment to Agricultural Adjustment Act.....	117, 270, 250. 00	114, 315, 598. 38	2, 954, 651. 62
Transfer under National Industrial Recovery Act for administrative expenses in connection with code histories.....	502, 180. 00	499, 864. 36	2, 315. 64
Allotment under Emergency Appropriation Act, fiscal year 1935, for drought relief.....	80, 799, 908. 69	80, 303, 274. 25	496, 634. 44
Transfer from Federal Emergency Relief Administration for administrative expenses in connection with submarginal land projects.....	1, 643, 034. 16	1, 592, 709. 82	50, 324. 34
Appropriation for administrative and other expenses under section 12 (A) of the Agricultural Adjustment Act.....	99, 700, 000. 00	16, 468, 921. 83	83, 231, 078. 17
Tobacco compacts and agreements among tobacco States.....	300, 000. 00	7. 77	299, 992. 23
Appropriation to put into effect section 32 of the act of Aug. 24, 1935, in connection with exportation and domestic consumption of agricultural commodities.....	82, 861, 741. 00	52, 945, 599. 12	29, 916, 141. 88
Allotment under section 37 of the act of Aug. 24, 1935, in connection with the elimination of diseased cattle and other purposes.....	7, 500, 000. 00	145, 404. 27	7, 354, 595. 73
Appropriation to put into effect agricultural conservation program authorized by the amendments to the Soil Conservation and Domestic Allotment Act, approved Feb. 29, 1936.....	470, 000, 000. 00	42, 623, 450. 54	427, 376, 549. 46
Total.....	2, 400, 496, 459. 10	1, 821, 952, 657. 27	578, 543, 801. 83

¹ Balances remaining do not constitute surpluses left over after accomplishment of the purpose for which the fund was made available. In practically all cases the balances are obligated for expenditure to complete the action for which appropriation or allocation was made.

² Processing and other tax collections aggregated \$969,282,450.58 through Jan. 6, 1936.

V. COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation was created under the laws of the State of Delaware on October 17, 1933, pursuant to the President's Executive Order No. 6340 of October 16, 1933, and extended to April 1, 1937, by act of Congress, Public, No. 1, approved January 31, 1935. Its original capital stock of \$3,000,000 was subscribed by the Secretary of Agriculture and the Governor of the Farm Credit Administration, to be held jointly for and in behalf of the United States. Funds for this purpose were made available by the President's allocation of \$3,000,000 out of the \$100,000,000 appropriation authorized by section 220 of the National Industrial Recovery Act and by the Fourth Deficiency Act of the fiscal year 1933, approved June 16 (Public, No. 77, 73d Cong.). Its capital stock was increased to \$100,000,000 on April 28, 1936, the additional \$97,000,000 being subscribed by the Reconstruction Finance Corporation, pursuant to act of April 10, 1936, (Public, No. 489, 74th Cong.).

The Corporation makes loans only upon such commodities as may from time to time be designated by the President. These loans have contributed support to farm prices by enabling producers to retain title to products which might otherwise have been dumped upon the market with price-depressing effect. They have made it possible for producers themselves to gain the advantage of price increases which otherwise would have been lost to them through enforced marketing, and have contributed to orderly marketing.

Loans have been made only upon commodities in connection with which adjustment or marketing programs have been developed by the Agricultural Adjustment Administration. The plan generally adopted permits banks and other lending agencies to carry loans on a prescribed form of note under a purchase guarantee, the Corporation agreeing to purchase eligible producers' notes when tendered on or before a specified date, usually 30 days prior to the notes' maturity date. The loans are extended at 4 percent interest.

LOANS ON 1934-35 COTTON CROP

Loans on the 1934 cotton crop were made on the basis of 12 cents per pound on cotton low-middling or better in grade and $\frac{3}{8}$ -inch or better in staple, and 11 cents per pound on such grades of cotton with staple below $\frac{3}{8}$ -inch. A provision of this loan made any cotton to which the producer had maintained title, eligible, in addition to the regular 1934 crop.

Disbursements in loans to producers by the Corporation and by banks and other lending agencies under this 1934-35 cotton loan program aggregated \$282,643,977.97 on 4,631,810 bales. As of December 31, 1936, the Corporation held as past due, notes of this program aggregating \$181,791,322.23 secured by 2,994,150 bales of cotton. It will thus be seen that repayments of loans to the Corporation and to various lending agencies under this program totaled \$100,852,655.74 on 1,637,660 bales of cotton.

In connection with this program, loans of 2 cents per pound were also made to the manager of the Cotton Producers' Pool. These loans aggregated \$12,424,800.06 on 1,242,480 bales of cotton and were repaid in full by July 31, 1935, the date of maturity.

LOANS ON 1935-36 COTTON CROP

Loans on the 1935 cotton crop were made on the basis of 10 cents per pound on cotton low-middling in grade and $\frac{7}{8}$ -inch or better in staple, and 9 cents per pound on such grades of cotton with staple below $\frac{7}{8}$ -inch, on cotton produced in that crop year.

The Corporation disbursed to producers under this loan \$3,615,-003.29 on 72,459 bales of cotton, while banks and various other lending agencies disbursed an additional \$2,162,195.74 on 42,060 bales of cotton. This makes a total of \$5,777,199.03 advanced to producers on 114,519 bales of cotton.

On December 31, 1936, there were outstanding under this program notes aggregating \$1,295,623.17, secured by 26,268 bales of cotton. All of these notes were held by the Corporation.

CORN-LOAN PROGRAM IN 1935-36

The 1935-36 corn loan was made on the basis of 45 cents per bushel on corn stored on farms.

The total disbursed to producers under this program was \$13,933,538.83 on 30,966,045 bushels of corn.

Of this amount, the Corporation disbursed \$8,697,159.72 on 19,342,413 bushels, and banks and other lending agencies disbursed the balance.

On December 31, 1936, the Corporation held notes aggregating \$3,258.02 secured by 13,571 bushels of corn and all notes held by others had been paid in full.

CORN-LOAN PROGRAM IN 1936-37

Corn loans for the 1936-37 corn crop were made at 55 cents per bushel. Up to December 31, 1936, the total disbursed to producers was \$60,376.08 on 109,779 bushels of corn. Of this amount the Corporation had disbursed \$6,196.65 on 11,068 bushels, and banks and other lending agencies had disbursed the remainder.

One repayment of \$192.50 covering a note of 350 bushels of corn had been made to a lending agency.

LOANS ON GUM TURPENTINE AND ROSIN

The Corporation made loans to producers of gum turpentine and gum rosin in 1934-35 and of a total of \$7,199,085.81 loaned, there were outstanding as of December 31, 1936, loans of \$3,954,708.69 secured by 4,669,575 gallons of gum turpentine and 120,426 barrels of gum rosin.

LOANS ON TOBACCO

During June and July of 1936, the Corporation took over loans which had been made to various tobacco growers associations by the Reconstruction Finance Corporation.

The total advanced by the Corporation on these loans was \$8,299,628.36 on 69,755,296 pounds of tobacco and the amount outstanding as of December 31, 1936, was \$7,532,298.32 secured by 59,751,790 pounds of tobacco.

APPENDIXES

APPENDIX A. DISBURSEMENTS, CALENDAR YEAR 1936, BY STATES, COMMODITIES, AND OBJECTIVES

EXHIBIT 1.—*Agricultural conservation payments through Dec. 31, 1936, by States*

	Total	Performance payments	County associations	Naval stores
Southern Division:				
South Carolina.....	\$129,806.60	\$118,467.69		\$11,338.91
Georgia.....	1,303,835.97	1,206,669.61		97,166.36
Florida.....	141,193.72	13,592.11		127,601.61
Alabama.....	537,862.81	497,111.12		40,751.69
Mississippi.....	569,669.28	562,670.97		6,998.31
Arkansas.....	2,777.09	2,777.09		
Louisiana.....	127,979.25	127,211.25		768.00
Oklahoma.....	169,282.44	169,282.44		
Texas.....	1,284,918.21	1,284,918.21		
Total.....	4,267,325.37	3,982,700.49		284,624.88
East Central Division:				
Maryland.....	59,496.89	15,073.42	\$44,423.47	
Delaware.....	155,408.60	142,795.29	12,613.31	
Virginia.....	244,680.29	94,271.54	150,408.75	
West Virginia.....	65,744.51	14,242.07	51,502.24	
North Carolina.....	647,074.04	266,971.54	378,342.34	1,760.16
Kentucky.....	1,036,848.03	685,837.78	351,010.25	
Tennessee.....	757,903.47	531,662.37	226,241.10	
Total.....	2,967,155.63	1,750,854.01	1,214,541.46	1,760.16
Northeast Division:				
Maine.....	183,487.37	183,487.37		
New Hampshire.....	38,837.56	38,837.56		
Vermont.....	155,287.38	155,287.38		
Massachusetts.....	114,184.83	114,184.83		
Connecticut.....	76,953.27	76,953.27		
New York.....	1,452,982.40	1,452,982.40		
New Jersey.....	227,649.86	227,649.86		
Pennsylvania.....	1,338,616.85	1,338,616.85		
Total.....	3,587,999.52	3,587,999.52		
North Central Division:				
Ohio.....	1,283,428.97	766,825.22	516,603.75	
Indiana.....	1,359,094.09	838,613.22	520,480.87	
Illinois.....	2,120,320.56	1,286,214.51	834,106.05	
Michigan.....	417,208.24	53,732.79	363,475.45	
Wisconsin.....	1,082,163.62	476,542.47	605,621.15	
Minnesota.....	1,626,885.05	845,020.38	781,864.67	
Iowa.....	4,083,269.49	3,136,026.11	947,243.35	
Missouri.....	611,584.38	261,778.12	349,806.26	
South Dakota.....	1,793,451.45	1,420,938.47	372,512.98	
Nebraska.....	950,979.82	261,985.74	688,994.08	
Total.....	15,328,385.64	9,347,677.03	5,980,708.61	
Western Division:				
North Dakota.....	2,546,673.08	2,106,233.24	440,439.84	
Kansas.....	1,977,474.80	1,701,865.16	275,609.64	
Montana.....	465,353.28	281,930.09	183,423.19	
Idaho.....	38,768.91	5,869.69	32,899.22	
Wyoming.....	106,653.74	58,445.93	48,207.81	
Colorado.....	207,418.89	95,804.87	111,614.02	
New Mexico.....	234,320.71	180,865.99	53,454.72	
Arizona.....	22,435.86		22,436.86	
Utah.....	231,458.82	203,073.05	28,385.77	
Nevada.....	11,472.33	6,283.31	5,189.02	
Washington.....	73,741.14	7,965.80	65,775.34	
Oregon.....	73,962.55		73,962.55	
California.....	182,701.84	20,244.43	162,457.41	
Total.....	6,172,436.95	4,668,581.56	1,503,855.39	
Grand total.....	32,323,303.11	23,337,812.61	8,699,105.46	286,385.04

EXHIBIT 2.—Summary statement of rental and benefit payments made during the calendar year 1936, by State and commodity

State	Total	Cotton	Wheat	Tobacco	Corn and hogs	Sugar	Rice	Peanuts
Alabama.....	\$1,686,279.66	\$1,077,462.59		\$585.41	\$157,330.43	\$39,845.94		\$401,055.29
Arizona.....	93,355.89	70,129.14	\$12,336.94		10,889.81			159.00
Arkansas.....	2,078,997.10	1,666,446.86	2,184.44	128.76	367,975.86	22.32	\$42,079.86	
California.....	3,005,962.68	686,198.87	1,009,405.19		286,133.72	1,016,725.90	7,499.00	
Colorado.....	4,456,525.00		2,295,167.60		1,128,282.40	1,033,075.00		
Connecticut.....	685,438.21			674,890.37	10,547.84			
Delaware.....	119,990.44		81,245.65		38,714.79			
Florida.....	572,133.80	12,854.48		67,552.34	83,409.77	297,008.92		110,708.29
Georgia.....	1,591,196.97	709,263.54	7,847.64	145,157.46	64,028.26	165,790.48		499,109.59
Hawaii.....	2,080,346.29					2,080,346.29		
Idaho.....	3,492,056.76					214,712.50		
Illinois.....	14,271,145.58	1,769.94	3,053,218.71	558.86	194,125.55	12,200.88		
Indiana.....	7,723,288.84		2,614,823.34		11,641,792.56	28,634.92		
Iowa.....	21,352,082.58		1,921,170.79	37,895.51	5,733,587.62	15,191.74		
Kansas.....	32,746,578.31	3,173.13	447,368.27		29,889,322.57	47,383.51		
Kentucky.....	5,439,386.75	4,250.48	27,441,688.24	4,588.37	5,249,825.06			
Louisiana.....	2,510,062.78	486,571.71	293,707.53	1,446,418.01	1,745,010.73			
Maine.....	1,060.00				44,578.46	1,948,671.69	30,241.46	
Maryland.....	1,077,553.88		859,957.07	33,556.90	1,050.00			
Massachusetts.....	353,613.70			267,716.98	184,039.91			
Michigan.....	2,141,685.75				85,896.72			
Minnesota.....	7,576,630.81		809,143.15		618,075.45	714,467.15		
Mississippi.....	1,044,798.23		1,019,961.12	26,376.17	6,409,137.10	121,156.42		
Missouri.....	10,314,842.02	919,246.75			33,602.38	91,949.10		
Montana.....	5,319,901.25	527,570.64	1,688,799.47	63,976.95	8,034,494.96			
Nebraska.....	16,345,253.31		4,906,722.50		122,678.76	289,689.99		
Nevada.....	32,429.39		5,137,554.46		10,860,775.34	346,933.51		
New Hampshire.....	10,815.57		20,687.04		11,742.35			
New Jersey.....	84,996.76		11,746.98	4,139.87	6,675.70			
New Mexico.....	876,396.45		578,207.27		73,219.78			229.01
New York.....	113,807.50	146,008.49			151,483.93	437.75		
North Carolina.....	2,445,440.83		37,400.38	23,862.10	32,455.02			
North Dakota.....	9,831,418.44	817,626.43	59,301.82	1,191,623.13	201,422.38			175,467.07
Ohio.....	6,720,362.25		8,766,242.20		1,014,800.35	50,375.89		
Oklahoma.....	11,321,198.75	1,802,019.96	1,678,208.81	528,337.30	3,757,598.37	796,306.77		26,435.77
Oregon.....	2,741,781.87		7,845,144.28		1,647,598.74			
Pennsylvania.....	1,088,565.58		2,613,037.78		128,524.97	219.12		
Philippine Islands.....	6,711,350.95		312,209.80	613,978.85	162,576.93	6,711,350.95		
Puerto Rico.....	12,799,096.92			1,498,250.33		11,300,816.59		
Rhode Island.....	795,813.14	541,891.08			975.00			815.87
South Carolina.....	7,993,683.92		2,993,308.20	115,068.66	138,037.53			
South Dakota.....	2,191,401.28	215,890.86	126,435.81	836,869.90	4,937,882.20	62,433.52		333.28
Tennessee.....	13,099,904.08	4,774,282.88	6,620,722.60		1,497,992.56	1,700.65	179,172.65	26,032.74
Texas.....	912,086.87		647,996.92		33,667.30	230,422.65		
Utah.....								

Vermont.....	12,996.79	18,506.76	554,602.13	3,933.01	9,063.78		
Virginia.....	1,363,420.44		5,309,385.25	403,883.39	345,452.85		40,975.31
Washington.....	5,453,894.88		40,208.44		113,632.37	30,877.26	
West Virginia.....	127,947.50			18,739.91	68,999.15		
Wisconsin.....	2,454,116.92		32,831.86	586,582.74	1,800,619.47	34,082.85	
Wyoming.....	912,100.28		445,341.61		140,048.46	326,710.21	
Total.....	236,225,228.95	14,511,164.05	92,295,421.29	8,594,641.28	91,283,557.67	28,000,130.47	1,281,321.22
Less undistributed canceled checks.....	480,964.53					258,992.97	
Total.....	235,744,264.42						

EXHIBIT 3.—General administrative expenses paid during the calendar year 1936, by State and commodity

State	Total expenses	General ex- penses	Cotton	Wheat	Tobacco	Corn and hogs	Sugar	Cattle	Peanuts	Rice	Potatoes
Washington, D. C.	\$15,630,762.34	\$10,085,281.43	\$1,396,166.89	\$1,012,737.10	\$526,109.26	\$1,405,272.63	\$356,508.77	\$151,769.53	\$35,118.74	\$17,050.00	\$44,747.99
Alabama	1,018,828.78	578,137.45	371,693.97	6.85	4.38	1,833.48	961.34	60,356.37	5,318.94		516.00
Arizona	42,695.26	21,859.85	18,525.35	179.03		1,723.52	14.05	39,395.29			2.07
Arkansas	792,162.34	431,543.18	300,296.04	455.12	6.08	7,650.56		51,390.75		640.42	36.69
California	712,250.11	115,366.25	33,238.60	5,721.61	682.37	2,403.56	22,946.03	130,000.51	1.32	694.96	972.88
Colorado	32,290.09	57,902.64	17.46	2,116.12	3.83	2,703.84	6,486.35	3,016.87			
Connecticut	37,877.85	24,713.95	3,848.02	1,277.64	6,160.85	389.79	5.22	2,642.81			
Delaware	8,248.02	6,097.11	1.74	1,277.64	6,160.85	174.16	15				
Florida	179,684.31	106,008.14	33,203.66	109.11	4,009.01	3,594.81	1,490.62	27,568.42	1,858.30	16.79	1,816.45
Georgia	815,383.41	443,206.51	156.24	156.24	8,461.97	1,838.00	6,561.56	27,474.87	7,526.35		5.27
Hawaii	54,298.88	51,554.22	320,328.43	191.25	53.08	670.74	263.98		18.11	1,188.17	
Idaho	31,246.41	31,246.41		4,839.77	23.92	3,305.28	951.21	34,222.83	.03		
Illinois	517,660.44	431,503.00	2,219.04	12,513.61	3,944.47	19,165.04	118.26	48,196.65		34	
Indiana	337,406.04	298,382.22	347.29	5,368.41	1,727.04	8,104.68	2,181.24	41,295.16			92
Iowa	464,828.21	398,042.40	750.88	4,246.42	552.44	9,268.08	44.92	51,922.15			
Kansas	149,997.95	98,727.03	226.65	6,455.01	65.42	13,890.33	1,195.71	29,090.00			347.80
Kentucky	228,163.07	114,760.45	15,807.90	3,114.58	49,803.62	2,999.17	1.24	41,676.11			
Louisiana	668,874.58	340,641.50	235,642.32	1.18	52.24	1,828.76	34,182.14	47,158.91	190.63	9,156.87	20.03
Maine	54,328.88	38,803.87	616.96	405.94	92.43	2,290.12	238.05	11,104.20		3.11	774.20
Maryland	109,352.06	41,879.19	658.59	6,959.21	498.53	5,811.77	18,147.92	33,099.81		297.04	
Massachusetts	68,431.51	47,161.40	7,461.97	45.43	1,166.12	308.11	5,788.74	6,296.86	.28	33.23	149.12
Michigan	284,939.69	208.93	7,086.30	7,086.30	694.30	10,540.98	8,439.19	43,831.33		295.50	
Minnesota	915,300.33	282,902.26	30.36	8,385.12	50.56	11,756.35	3.85	121,518.83			
Mississippi	515,743.25	330,028.08	36,276.36	8,168.27	5,205.96	13,775.43	2,791.71	79,560.84			90.25
Missouri	638,870.07	459,731.63	56,276.36	8,168.27	5,205.96	13,775.43	2,791.71	79,560.84			73.85
Montana	93,369.16	31,303.52		8,168.27	5,205.96	13,775.43	2,791.71	79,560.84			
Nebraska	575,400.75	289,398.16	45.94	8,168.27	5,205.96	13,775.43	2,791.71	79,560.84			
Nevada	31,472.77	13,138.02		8,168.27	5,205.96	13,775.43	2,791.71	79,560.84			
New Hampshire	20,014.18	13,295.17	736.17	842.73	203.93	2,918.43					502.70
New Jersey	51,120.08	33,257.37	342.63	3,452.43	6,319.27	7,107.12	2.32				
New Mexico	79,496.58	24,526.40	17,444.07	2,157.50		1,701.16		33,496.51	164.94		
New York	421,676.98	229,317.40	11,879.35	3,426.99	13,381.16	3,536.40	32,106.82	127,625.96	3.79	238.78	160.33
North Carolina	524,229.19	132,850.06	77,935.74	1,050.40	77,031.96	1,304.02	57.13	11,233.46	2,781.84		124.58
North Dakota	106,006.70	95,056.14	9.61	19,425.77	4.01	10,125.93	222.96	17,061.57			100.71
Ohio	459,815.77	359,273.77	2,218.72	14,444.15	15,349.88	15,421.28	3,127.87	49,980.20			
Oklahoma	1,047,137.59	544,027.79	357,063.37	12,556.99	54.08	12,764.96	.92	119,130.92	1,518.10		21.38
Oregon	144,598.23	50,694.70	29.43	7,402.67	29.43	5,105.55	24,287.89	80,239.66		21.03	633.24
Pennsylvania	212,704.25	130,667.94	545.31	3,993.79	4,804.21	1,050.91	210,085.50	47,354.05	.15		
Philippines Islands	210,085.50						35,099.14	4,294.82			
Puerto Rico	123,973.51	49,054.71	2,542.56	7.11	35,524.84	116.84	7.15				542.50
Rhode Island	6,373.85	6,373.85	2,542.56	92.16	9,142.64	482.29	3.31	55,100.59	99.01		
South Carolina	383,299.04	247,582.60	36.11	3,931.67	8.39	9,750.83	5.76	155,320.14			
South Dakota	331,850.44	162,797.54	36.11	3,931.67	8.39	9,750.83	5.76	155,320.14			
Tennessee	359,446.64	106,439.71	164,925.81	3,171.52	36,669.39	6,984.29	41	41,188.87	66.64		
Texas	1,866,138.48	837,391.63	810,474.24	7,320.57	35.72	14,543.71	6,767.22	180,414.22	1,662.08	5,506.74	2,022.35

Utah.....	66,802.02	23,950.93	3,656.24	1.87	2,753.03	4,389.69	32,049.73	2,416.76	.01	158.25
Vermont.....	48,223.51	36,819.00	8,330.75	11.97	1,453.50	116.27	7,652.66	2,416.76	2.04	43.92
Virginia.....	254,773.56	69,877.19	8,856.39	17,250.46	5,132.84	459.25	120,515.99	29.77	62.00	-----
Washington.....	117,107.11	30,853.03	8,579.32	16.46	2,844.26	47.49	74,028.48	-----	-----	-----
West Virginia.....	72,577.17	36,402.26	2,626.73	1,085.83	1,535.68	47.49	28,520.98	-----	-----	-----
Wisconsin.....	415,311.30	255,245.53	2,541.43	6,689.40	8,643.95	6,784.13	134,557.49	-----	-----	-----
Wyoming.....	61,401.12	22,221.02	2,461.77	-----	5,504.75	704.68	30,508.90	-----	-----	-----
Miscellaneous.....	639.23	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total.....	31,801,301.21	19,259,752.92	1,221,703.34	833,638.30	1,682,883.22	793,925.25	2,793,101.68	58,775.63	35,208.40	53,863.48

EXHIBIT 4.—*General administrative expenses paid during the calendar year 1936*

1. BY OBJECTIVE CLASSIFICATION

	Total	Washington, D. C.	Field
Salaries.....	\$23, 579, 258. 57	\$9, 490, 361. 36	\$14, 088, 897. 21
Other expenses:			
Supplies.....	911, 564. 44	594, 618. 39	316, 946. 05
Communications.....	188, 033. 92	114, 709. 24	73, 324. 68
Travel.....	2, 004, 526. 25	540, 164. 19	1, 464, 362. 06
Transportation of things.....	916, 700. 16	793, 629. 43	123, 070. 73
Printing and binding.....	256, 470. 60	293, 768. 40	— 37, 297. 80
Rents.....	417, 691. 30	227, 793. 94	189, 897. 36
Equipment.....	529, 807. 92	135, 399. 32	394, 408. 60
Miscellaneous.....	2, 997, 248. 05	2, 840, 318. 07	156, 929. 98
Total other expenses.....	8, 222, 042. 64	5, 540, 400. 98	2, 681, 641. 66
Total.....	31, 801, 301. 21	15, 030, 762. 34	16, 770, 538. 87

2. BY AGRICULTURAL ADJUSTMENT ADMINISTRATION AND COOPERATING AGENCIES

Agricultural Adjustment Administration.....	\$18, 986, 540. 75	\$10, 396, 472. 30	\$8, 590, 068. 45
Bureau of Agricultural Economics.....	198, 390. 32	43, 748. 58	154, 641. 74
Bureau of Animal Industry.....	2, 709, 051. 10	73, 855. 80	2, 635, 195. 30
Bureau of Census.....	6, 442. 75	6, 442. 75	—
Bureau of Chemistry and Soils.....	— 750. 18	—	— 750. 18
Bureau of Dairy Industry.....	—	—	—
Bureau of Entomology.....	27, 853. 15	—	27, 853. 15
Extension Service.....	3, 909, 808. 59	108, 895. 20	3, 800, 913. 39
Farm Credit Administration.....	7, 992. 23	—	7, 992. 23
Federal Trade Commission.....	—	—	—
Forest Service.....	66, 346. 49	1, 537. 12	64, 809. 37
General Accounting Office.....	1, 042, 460. 00	1, 042, 460. 00	—
Bureau of Home Economics.....	24, 857. 67	24, 857. 67	—
Interior Department.....	424. 80	1. 32	423. 48
Internal Revenue.....	2, 216, 669. 44	783, 638. 13	1, 433, 031. 31
Bureau of Labor Statistics.....	6, 230. 51	6, 230. 51	—
Library.....	3, 587. 50	3, 587. 50	—
Office of Exhibits.....	4. 92	4. 92	—
Office of Experiment Stations.....	49, 109. 63	—	49, 109. 63
Office of Information.....	14, 551. 93	14, 551. 93	—
Office of Solicitor.....	440, 472. 12	440, 472. 12	—
Bureau of Plant Industry.....	—	—	—
Secretary's Office.....	394, 477. 67	394, 477. 67	—
Soil Conservation Service Control.....	1, 706. 88	—	1, 706. 88
Treasurer of the United States.....	1, 695, 072. 94	1, 689, 528. 82	5, 544. 12
War Department.....	—	—	—
Total.....	31, 801, 301. 21	15, 030, 762. 34	16, 770, 538. 87

¹ Includes expenditures of \$345,687.73 for Field Audit Section of the Comptroller's Office.

APPENDIX B. THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT

EXHIBIT 5.—AN ACT TO PROVIDE FOR THE PROTECTION OF LAND RESOURCES AGAINST SOIL EROSION, AND FOR OTHER PURPOSES, AND AN ACT TO PROMOTE THE CONSERVATION AND PROFITABLE USE OF AGRICULTURAL LAND RESOURCES BY TEMPORARY FEDERAL AID TO FARMERS AND BY PROVIDING FOR A PERMANENT POLICY OF FEDERAL AID TO STATES FOR SUCH PURPOSES

[PUBLIC—No. 46—74th CONGRESS]

[H. R. 7054]

AN ACT

To provide for the protection of land resources against soil erosion, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby recognized that the wastage of soil and moisture resources on farm, grazing, and forest lands of the Nation, re-

sulting from soil erosion, is a menace to the national welfare and that it is hereby declared to be the policy of Congress to provide permanently for the control and prevention of soil erosion and thereby to preserve natural resources, control floods, prevent impairment of reservoirs, and maintain the navigability of rivers and harbors, protect public health, public lands and relieve unemployment, and the Secretary of Agriculture, from now on, shall coordinate and direct all activities with relation to soil erosion and in order to effectuate this policy is hereby authorized, from time to time—

1. To conduct surveys, investigations, and research relating to the character of soil erosion and the preventive measures needed, to publish the results of any such surveys, investigations, or research, to disseminate information concerning such methods, and to conduct demonstrational projects in areas subject to erosion by wind or water;

2. To carry out preventive measures, including, but not limited to, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land;

3. To cooperate or enter into agreements with, or to furnish financial or other aid to, any agency, governmental or otherwise, or any person, subject to such conditions as he may deem necessary, for the purposes of this Act; and

4. To acquire lands, or rights or interests therein, by purchase, gift, condemnation, or otherwise, whenever necessary for the purposes of this Act.

SEC. 2. The acts authorized in section 1 (1) and (2) may be performed—

- (a) On lands owned or controlled by the United States or any of its agencies with the cooperation of the agency having jurisdiction thereof; and

- (b) On any other lands, upon obtaining proper consent or the necessary rights or interests in such lands.

SEC. 3. As a condition to the extending of any benefits under this Act to any lands not owned or controlled by the United States or any of its agencies, the Secretary of Agriculture may, insofar as he may deem necessary for the purposes of this Act, require—

1. The enactment and reasonable safeguards for the enforcement of State and local laws imposing suitable permanent restrictions on the use of such lands and otherwise providing for the prevention of soil erosion;

2. Agreements or covenants as to the permanent use of such lands; and

3. Contributions in money, services, materials, or otherwise, to any operations conferring such benefits.

SEC. 4. For the purposes of this Act, the Secretary of Agriculture may—

1. Secure the cooperation of any governmental agency;

2. Subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such officers and employees as he may deem necessary, except for a period not to exceed eight months from the date of this enactment, the Secretary of Agriculture may make appointments and may continue employees of the organization heretofore established for the purpose of administering those provisions of the National Industrial Recovery Act which relate to the prevention of soil erosion, without regard to the civil-service laws or regulations and the Classification Act, as amended; and any persons with technical or practical knowledge may be employed and compensated under this Act on a basis to be determined by the Civil Service Commission; and

3. Make expenditures for personal services and rent in the District of Columbia and elsewhere, for the purchase of law books and books of reference, for printing and binding, for the purchase, operation, and maintenance of passenger-carrying vehicles, and perform such acts, and prescribe such regulations, as he may deem proper to carry out the provisions of this Act.

SEC. 5. The Secretary of Agriculture shall establish an agency to be known as the "Soil Conservation Service", to exercise the powers conferred on him by this Act and may utilize the organization heretofore established for the purpose of administering those provisions of sections 202 and 203 of the National Industrial Recovery Act which relate to the prevention of soil erosion, together with such personnel thereof as the Secretary of Agriculture may determine, and all unexpended balances of funds heretofore allotted to said organization shall be available until June 30, 1937, and the Secretary of Agriculture shall assume all obligations incurred by said organization prior to transfer to the Department of Agriculture. Funds provided in H. J. Res. 117, "An Act making appropriation for relief purposes" (for soil erosion) shall be available for expenditure under the provisions of this Act; and in order that there may be proper coordination of erosion-control activities the Secretary of Agriculture may transfer to the agency created under this Act such functions, funds, personnel, and property of other agencies in the Department of Agriculture as he may from time to time determine.

SEC. 6. There are hereby authorized to be appropriated for the purposes of this Act such sums as Congress may from time to time determine to be necessary.

Approved April 27, 1935.

[PUBLIC—No. 461—74TH CONGRESS]

[S. 3780]

AN ACT

To promote the conservation and profitable use of agricultural land resources by temporary Federal aid to farmers and by providing for a permanent policy of Federal aid to States for such purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to provide for the protection of land resources against soil erosion, and for other purposes", approved April 27, 1935, is amended by inserting at the end thereof the following:

SEC. 7. (a) It is hereby declared to be the policy of this Act also to secure, and the purposes of this Act shall also include, (1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) the protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control; and (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909–July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio. The powers conferred under sections 7 to 14, inclusive, of this Act shall be used to assist voluntary action calculated to effectuate the purposes specified in this section. Such powers shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this section due regard shall be given to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers.

(b) The Secretary of Agriculture shall cooperate with States, in the execution of State plans to effectuate the purposes of this section, by making grants under this section to enable them to carry out such plans.

(c) Any State which submits to the Secretary, prior to such time and in such manner and form as the Secretary prescribes, a State plan to effectuate the purposes of this section shall be entitled to payments, as provided in this section, for the year to which such plan is applicable, if such plan is approved by the Secretary as provided in this section.

(d) No such plan shall be approved unless by its terms:

(1) It provides that the agency to administer the plan shall be such State agency as may be designated by the Secretary if such agency is authorized by the State, or such other State agency as is authorized by the State and approved by the Secretary;

(2) It provides for such methods of administration, and such participation in the administration of the plan by county and community committees or associations of agricultural producers organized for such purpose, as the Secretary finds necessary for the effective administration of the plan; and

(3) It provides for the submission to the Secretary of such reports as he finds necessary to ascertain whether the plan is being carried out according to its terms, and for compliance with such requirements as the Secretary may prescribe to assure the correctness of and make possible the verification of such reports.

(e) Such plan shall be approved if the Secretary finds that there is a reasonable prospect that—

(1) Substantial accomplishment in effectuating the purposes of this section will be brought about through the operation of such plan and the plans submitted by other States, and

(2) The operation of such plan will result in as substantial a furtherance of such accomplishment as may reasonably be achieved through the action of such State.

(f) Upon approval of any State plan for any year the Secretary shall allocate to such State such sum (not in excess of the maximum amount fixed in pursuance of subsection (g) for such State for such year) as he finds necessary to carry out such plan for such year, and thereupon shall certify to the Secretary of the Treasury for payment to such agency of the State as the Secretary of Agriculture certifies is designated in the plan, and the Secretary of the Treasury shall pay to such agency, one-fourth of the amount so allocated. The remainder of the amount so allocated shall be similarly certified and paid in such installments (payable prior to the end of the calendar year) as may be provided in the plan. No such installment shall be certified for payment if the Secretary of Agriculture finds that, prior to the due date of such installment, there has been a substantial failure by the State to carry out the plan according to its terms, or that the further operation of the plan according to its terms will not tend to effectuate the purposes of this section. No amount shall be certified for payment under any such installment in excess of the amount the Secretary finds necessary for the effective carrying out of the plan during the period to which the installment relates.

(g) On or before November 1 of each year, the Secretary shall apportion among the several States the funds which will be available for carrying out State plans during the next calendar year, and in determining the amount to be apportioned to each State, the Secretary shall take into consideration the acreage and value of the major soil depleting and major export crops produced in the respective States during a representative period and the acreage and productivity of land devoted to agricultural production (including dairy products) in the respective States during a representative period: *Provided, however,* That apportionments of funds available for carrying out the purposes specified in this section for the year 1936 may be made at any time during 1936, and apportionments for 1937 may be made at any time during 1937. Notwithstanding the making of an apportionment to any State for any calendar year, the funds apportioned to any State for which no plan has been approved for such year, and any amount apportioned to any State which is not required to carry out an approved plan for such State for such year, shall be available for carrying out the provisions of sections 7 to 14, inclusive, of this Act.

Sec. 8. (a) In order to carry out the purposes specified in section 7 (a) during the period necessary to afford a reasonable opportunity for legislative action by a sufficient number of States to assure the effectuation of such purposes by State action and in order to promote the more effective accomplishment of such purposes by State action thereafter, the Secretary shall exercise the powers conferred in this section during the period prior to January 1, 1938, except with respect to farming operations commenced in any State after the effective date of a State plan for such State approved pursuant to section 7. No such powers shall be exercised after December 31, 1937, except with respect to payments or grants in connection with farming operations carried out prior to January 1, 1938.

(b) Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making payments or grants of other aid to agricultural producers, including tenants and share-croppers, in amounts, determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by, (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities designated by the Secretary which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, or (4) any combination of the above. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In carrying out the provisions of this section, the Secretary shall, as far as practicable, protect the interests of tenants and share-croppers. In carrying out the provisions of this section, the Secretary is authorized to utilize county and community committees

of agricultural producers and the agricultural extension service, or other approved agencies. In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein. In carrying out the provisions of this section, the Secretary shall, in every practicable manner, protect the interests of small producers. The Secretary in administering this section shall in every practical way encourage and provide for soil conserving and soil rebuilding practices rather than the growing of soil depleting commercial crops.

(c) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate the purposes specified in clause (1), (2), (3), or (4) of section 7 (a).

SEC. 9. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting, and methods of accomplishing most effectively, the policy and purposes of section 7 (a). Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

SEC. 10. The term 'agricultural commodity' as used in this Act means any such commodity and any regional or market classification, type, or grade thereof.

SEC. 11. All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal or State Governments as the Secretary may request to cooperate or assist in carrying out this Act.

SEC. 12. Whenever the Secretary finds that the exercise of the powers conferred in this section will tend to carry out the purpose specified in clause (5) of section 7 (a), or will tend to provide for and maintain a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers, or both, he shall use such part as he deems necessary of the sums appropriated to carry out this Act for the expansion of domestic and foreign markets or for seeking new or additional markets for agricultural commodities or the products thereof or for the removal or disposition of surpluses of such commodities or the products thereof.

SEC. 13. Notwithstanding the foregoing provisions of this Act, the Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such powers conferred upon him under sections 7 to 14, inclusive, of this Act as he deems may be appropriately exercised by such Administration, and for such purposes the provisions of law applicable to the appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.

SEC. 14. The facts constituting the bases for any payment or grant or the amount thereof authorized to be made under sections 7 or 8 hereof, when officially determined in conformity with rules or regulations prescribed by the Secretary of Agriculture, shall be reviewable only by the Secretary of Agriculture.

SEC. 15. To enable the Secretary of Agriculture to carry out the purposes of sections 7 and 8 there is hereby authorized to be appropriated for any fiscal year not exceeding \$500,000,000.

SEC. 16. The obligations incurred for the purpose of carrying out, for any calendar year, the provisions of sections 7 to 14, inclusive, of this Act shall not exceed \$500,000,000.

SEC. 17. (a) This Act shall apply to the United States, the Territories of Alaska and Hawaii, and the possession of Puerto Rico, and as used in this Act, the term "State" includes Alaska, Hawaii, and Puerto Rico.

(b) This Act may be cited as the "Soil Conservation and Domestic Allotment Act."

SEC. 2. Section 32 of the Act to amend the Agricultural Adjustment Act, and for other purposes, approved August 24, 1935, is amended by striking out clause (3) and inserting in lieu thereof, "(3) reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Determinations by the Secretary as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes normal production for domestic consumption shall be final." and by striking out that part of the last sentence thereof which precedes the second proviso and inserting in lieu thereof: "The sums appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will effectuate substantial accomplishment of any one or more of the purposes of this section:".

SEC. 3. The unexpended balance of the funds appropriated by the second paragraph of Public Resolution Numbered 27, Seventy-third Congress, approved May 25, 1934, to carry out section 2 and section 6 of the Act entitled "An Act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes", approved April 7, 1934, and the unexpended balance of the funds appropriated or reappropriated by section 37 of Public Act Numbered 320, Seventy-fourth Congress, entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", is authorized to be made available for the purposes enumerated in said Acts until June 30, 1937. The authorization, which is limited to June 30, 1936, contained in section 37 of Public Act Numbered 320, Seventy-fourth Congress, is likewise extended so that the funds therein authorized are authorized to be made available until June 30, 1937.

SEC. 4. The sum of \$2,000,000 of the unobligated balance of the appropriation for relief purposes contained in the Emergency Relief Appropriation Act of 1935, approved April 8, 1935, is hereby made available to the Secretary of Agriculture for allocation and payment to the States in the Southern Great Plains area, or to farmers therein, for wind erosion control, under plans to be approved by the Secretary of Agriculture.

SEC. 5. Section 22 of the Agricultural Adjustment Act, as amended, is amended by inserting after the words "this title" wherever they appear the following: "or the Soil Conservation and Domestic Allotment Act, as amended"; and by striking out the words "an adjustment" wherever they appear and inserting in lieu thereof the word "any."

Approved, February 29, 1936.

APPENDIX C. BULLETIN NO. 1 FOR EACH ADMINISTRATIVE REGION, 1936 SOIL-CONSERVATION PROGRAM

EXHIBIT 6.—1936 SOIL CONSERVATION PROGRAM—EAST CENTRAL REGION

[Bulletin No. 1]

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act,¹ payments will be made, in connection with the effectuation of the purposes of Section 7 (a) of said act during 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

RATES AND CONDITIONS OF PAYMENT

Payment will be made, in connection with the utilization in 1936 of the land on any farm² in the East Central Region³ of the United States, in the amounts and subject to the conditions hereinafter set forth:

1. *Soil Building Payments.*—Payments will be made for the planting of soil building crops on crop land⁴ in 1936 and the carrying out of soil building practices on crop land or pasture in 1936, at such rates in any state, and for such crops and practices in any state, and upon such conditions as are recommended by the state committee for such state and approved by the Secretary: *Provided*, That the total soil building payment made with respect to any farm (a) shall not exceed an amount equal to \$1.00 for each acre of crop land on the farm used in 1936 for soil conserving crops and soil building crops, or (b) shall not exceed \$10.00 for the farm, whichever is the larger.

2. *Soil Conserving Payments.*—Payment will be made with respect to each acre of the base acreage for the farm of any soil depleting crop or any group of such crops which in 1936 is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice. The amount of such payment made with respect to any farm shall be computed as follows.

¹ Public, No. 461, 74th Congress.

² The term "farm" as used herein shall mean all tracts of farm land in the same county under the same ownership and operated in 1936, as all or part of a single farming unit, by the same operator.

³ The "East Central Region" includes the States of Delaware, Maryland, Virginia, West Virginia, North Carolina, Kentucky, and Tennessee.

⁴ The term "crop land" as used herein shall mean all land from which any crop (other than wild hay) was harvested in 1935 together with all other farm land which is tillable and from which at least one crop (other than wild hay) has been harvested since January 1, 1930.

Soil depleting crop	Payment for each acre of the base acreage used in 1936 in the manner specified above	Maximum acreage with respect to which payment will be made
(a) All soil depleting crops except cotton, tobacco, and peanuts.	An average for the United States of \$10 per acre, varying among States, counties, and individual farms as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States. ¹	15 percent of the base acreage for the farm of all soil depleting crops except cotton, tobacco, and peanuts.
(b) Cotton.....	5¢ for each pound of the normal yield per acre of cotton for the farm.	35 percent of the cotton base acreage for the farm. ²
(c) Tobacco.....	For each pound of the normal yield per acre of tobacco for the farm at the following rates per pound of specified kinds of tobacco, as follows: (1) 5¢ for flue-cured, Burley, or Maryland. (2) 3½¢ for fire-cured or dark air-cured. (3) 3¢ for any other kind of tobacco.	30 percent of the base acreage for the farm.
(d) Peanuts.....	1¼¢ for each pound of the normal yield per acre of peanuts for the farm.	20 percent of the base acreage for the farm.

¹ The rate per acre will vary among the states and counties depending upon the productivity of crop land devoted to corn, wheat, oats, barley, rye, buckwheat, grain sorghum, soybeans, cow peas, dry edible beans, potatoes, sweet potatoes, sweet sorghum for syrup, and broom corn; and vary among farms within the county depending upon the productivity of crop land.

² The total payment made in any county pursuant to this provision will be made with respect to an acreage not exceeding 25 percent of the aggregate of the cotton base acreages which could be established for all the farms in the county.

3. *Minimum Acreage of Soil Conserving Crops.*—No payment shall be made with respect to any farm, in accordance with any of the provisions herein, unless the total acreage of soil conserving crops and soil building crops on crop land on the farm in 1936 equals or exceeds either (a) 20 percent of the base acreages of all soil depleting crops for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained pursuant to the provisions of section 2.

4. *Adjustment in Rates.*—The rates specified in section 2 are based upon an estimate of available funds and an estimate of approximately 80 percent participation by farmers. If participation in any region exceeds that estimated for that region, all the rates specified in section 2 for such region will be reduced pro rata. If participation in any region is less than the estimate for the region, the rates may be increased pro rata. In no case will the rates be increased or decreased by more than 10 percent.

5. *Increase of Soil Depleting Crops.*—If the acreage on any farm in 1936 of any soil depleting crop or any group of soil depleting crops is in excess of the base acreage for the farm for such crop or group of crops, a deduction from any payment which otherwise would be made for the farm pursuant to any of the provisions herein will be made for each acre of such excess acreage at the rates per acre specified in section 2 above, for the diversion of land to soil conserving crops and soil building crops from the particular crop or group of crops which exceed their bases.

6. *Food and Feed Crops.*—Notwithstanding the provisions of section 2, no payment as therein specified will be made in connection with the shifting of land out of food and feed crops unless such crops have been produced in excess of home consumption needs for the farm, and, if such crops have been produced on the farm in excess of such needs, payment will be made only with respect to the diversion of all or part of such excess.

Notwithstanding the provisions of Section 5, no deduction will be made with respect to any food or feed crop grown in combination with a soil conserving crop or a soil building crop, unless such food and feed crops are grown in excess of the home consumption needs for the farm.

ESTABLISHMENT OF BASES

East Central Region

The county committees will recommend for approval by the Secretary a soil depleting base acreage for each farm. Such base acreage shall represent a normal acreage of soil depleting crops for the farm determined as indicated below:

SECTION 1. The base acreage of soil depleting crops shall be the acreage of such crops harvested in 1935,⁵ subject to the following adjustments:

⁵ Where more than one soil depleting crop was harvested from the same land in 1935, the acreage shall be counted only once.

(a) There shall be added to the 1935 acreage of soil depleting crops the number of "rented", "contracted", or "retired" acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935.

(b) Where, because of unusual weather conditions, the acreage of soil depleting crops harvested in 1935 was less than the number of acres of such crops usually harvested on the farm, such acreage shall be increased to the acreage which is comparable to the acreage of such crops harvested on such farm under normal conditions in past years.

(c) Where the 1935 acreage of soil depleting crops for any farm, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms.

SECTION 2. A county ratio of soil depleting crop acreage to all farm land will be established for each county by the Agricultural Adjustment Administration from available statistics. The average of the ratios of the soil depleting base acreages which are established for all farms in any county shall conform to the ratio for such county unless a variance from such ratio is recommended by the State committee and approved by the Agricultural Adjustment Administration.

SECTION 3. A separate base acreage shall be established for each of the following crops: cotton, tobacco, and peanuts. The base acreage for cotton, tobacco, and peanuts, respectively, for a farm shall be the base acreage which was established for such farm under the procedure for adjustment programs for 1936, or which could have been established under such procedure, subject to adjustments as indicated below:

(1) There shall be deducted from the 1935 acreage of any soil depleting crops other than cotton, tobacco, or peanuts, such part of the "rented" acreage under 1935 cotton, tobacco, or peanut adjustment program as was added to the usual acreage of such other soil depleting crops.

(2) If the total of the base acreages for any two or more of the crops cotton, tobacco, and peanuts on any farm exceeds the annual average of the total acreage of such crops harvested in a representative period preceding 1934, such base acreages shall be adjusted downward to eliminate such excess. Unless a more practicable method of adjustment is settled upon, a pro rata basis shall be used.

(3) Where the soil depleting acreages determined for any farm as indicated above differ materially from such acreages determined for farms located in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, adjustments will be made which will result in base acreages which are equitable as compared with the base acreages of such other similar farms.

The total base acreages for cotton, tobacco, and peanuts, respectively, for farms in any county or other specified area shall not exceed the base acreages for such crops established for such county or other specified area by the Agricultural Adjustment Administration.

SECTION 4. Any person who has reason to believe that he has not received an equitable base may request the county committee to reconsider its recommendation. If no agreement is reached by such person and the committee, appeal may be made in accordance with rules prescribed by the Secretary.

CLASSIFICATION OF CROPS

East Central Region

Crop acreage when devoted to crops and used as indicated below shall be considered in the following classification except for such additions or modifications as may be approved by the Secretary upon the recommendation of the State Committee.

Changes in the use of land which involve the destruction of food, fibre, or feed grains will not be approved as either soil conserving or soil building uses of such land.

Soil Depleting Crops:

1. Corn (including sweet corn).
2. Cotton.
3. Tobacco.
4. Irish potatoes.
5. Sweet potatoes.
6. All commercial canning and truck crops, including melons and strawberries.

7. Peanuts, if harvested as nuts.
8. Sweet sorghums.
9. Small grains, including wheat, oats, barley, rye, and small grain mixtures, if harvested for either grain or hay.
10. Annual grasses, including Sudan, and millets, if harvested for hay or seed.
11. Summer legumes, if harvested as grain or hay, including soybeans, field peas, and cowpeas.

Soil Conserving Crops:

1. Annual winter legumes, including vetch, winter peas, bur and crimson clover; and *Lespedeza*; when pastured or harvested for hay, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
2. *Summer legumes*, including soybeans, except when harvested for seed for crushing, velvet beans, and cowpeas, in specified states.⁶
3. *Peanuts*, when pastured.
4. *Annual grasses*, including Sudan and millets, not harvested for hay or seed.
5. *Perennial grasses*, including bluegrass, Dallis, redtop, orchard, Bermuda, carpet, and mixtures of these, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
6. *Winter cover crops*, including rye, barley, oats, and small grain mixtures, winter pastured or not, and turned as green manure; or if harvested and followed by summer legumes.
7. Crop acreage planted to forest trees since January 1, 1934.

Soil building crops:

1. *Annual winter legumes*, including vetch, winter peas, bur, and crimson clover, when turned under as a green manure crop.
 2. *Biennial legumes*, including sweet, red, alsike, and Mammoth clovers; *perennial legumes*, including alfalfa, kudzu, sericea, and white clover; and annual varieties of *Lespedeza*; with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
 3. *Summer legumes*, including soybeans, velvet beans, and cowpeas, when turned under as a green manure crop. In specified states,⁶ summer legumes except soybeans harvested for seed for crushing, if forage is left on land.
 4. *Winter cover crops*, including rye, barley, oats, and small grain mixtures turned as green manure and followed in the summer by an approved soil conserving crop.
 5. *Forest trees*, planted on crop land in 1936.
- Neutral Classification* (not to be counted in establishing bases):
1. Vineyards, tree fruits, small fruits, or nut trees (not interplanted).⁷
 2. Idle cropland.⁸
 3. Cultivated fallow land, including clean cultivated orchards and vineyards.⁹
 4. Waste land, roads, lanes, lots, yards, etc.
 5. Woodland, other than that planted at owner's expense since 1933.

FORMS

East Central Region

Attached hereto is the Work Sheet for the 1936 Soil Conservation Program. This form is to be prepared in triplicate. Instructions for the preparation for this Work Sheet will be issued as soon as possible. County Listing Sheets for the summarization of the data on the Work Sheet and instructions pertaining to the County Listing Sheets will be issued later.

⁶ Including North Carolina, Tennessee, and Virginia.

⁷ If interplanted, such acreage shall carry the classification and *actual* acreage of the intercrop grown.

⁸ Where, due to unusual weather conditions, crop land was left idle in 1935, it may be reclassified upon recommendation of the State Committee and approval of the Secretary.

⁹ Cultivated fallow land may be otherwise classified upon recommendation of the State Committee and approval of the Secretary.

State and County Code and Serial Number

Form No.

U. S. Department of Agriculture
Agricultural Adjustment Administration
March 1936

1936 SOIL CONSERVATION PROGRAM

WORK SHEET—EAST CENTRAL REGION

SECTION I.
(Name of 1936 operator) (Address)

(Name of owner)

(Address)

hereby submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date, 1936.

(Signature of owner or operator)

SECTION II. This land is located
(Miles and direction)

from on Road in
(City or town) (Township, district, or precinct)

SECTION III. Utilization of Land.

Crop or land use	Base		Harvested 1935 (A)	Adjusted (B)
	Acres	Yield	Acres	Acres
1. Cotton				
2. Peanuts				
3. Tobacco				
4.				
5.				
6. Corn				
7. Wheat				
8. Oats				
9. Potatoes (Irish and sweet)				
10. Sweet sorghums				
11.				
12.				
13.				
14. Truck and vegetable crops				
15. Subtotal (items 1-14)				
16. Lespedeza on crop land				
17. Bluegrass on crop land				
18. Clover and timothy hay				
19. Alfalfa				
20. Other tame hay				
21.				
22.				
23.				
24. Subtotal (items 16-23)				
25. Total crop acreage				
26. Buildings, woods, lanes, etc.				
27. Woods not pastured, waste, etc.				
28. Woods pastured				
29. Open pasture				
30. Wild or marsh hay				
31. Orchards and vineyards (clean cultivated only)				
32. Total all land				

33. Yield per acre
(Crop) (Yield)

SECTION IV. Base Acreage and Yield.

	Preliminary Revision		County Committee Adjusted		Approved	
	Acres (A)	Yield (B)	Acres (C)	Yield (D)	Acres (E)	Yield (F)
1. All soil depleting crops.....		xxx		xxx		xxx
2. Cotton.....						
3. Peanuts.....						
4. Tobacco.....						
5.						
6. Other soil depleting crops.....						
7.						

Number of other farms owned or operated in this county: By owner.....

By operator.....

Record References.....

(Cotton)

(B. A.)

(Tobacco)

(Peanuts)

(Corn-hog)

(Wheat)

Date....., 1936. Reviewed by.....

DIVISION OF PAYMENTS, LAND TO BE COVERED BY WORK SHEET AND APPLICATION FOR GRANT

East Central Region

A. *Definitions.*—As used herein, the following terms shall have the following meanings:

(1) "Person" means an individual, partnership, association, or corporation.

(2) "Owner" means a person who owns land which is not rented to another for cash or a fixed commodity payment; or who rents land from another for cash or for a fixed commodity payment; or who is purchasing land on installments for cash or for a fixed commodity payment.

(3) "Share-tenant" means a person other than an owner or share-cropper who is operating an entire farming unit without direct supervision of the owner and who is entitled to a portion of the crop produced on such farming unit, or the proceeds thereof.

(4) "Share-cropper" means a person who works a farm in whole or in part and receives for his labor a proportionate share of the crops produced thereon, or the proceeds thereof.

(5) "Farming unit" means all land under the supervision of an operator which is farmed by that operator in 1936 as a single unit, with work stock, farm machinery, and labor substantially separate from that for any other land.

(6) "Principal soil depleting crop" means the soil depleting crop to which the greatest number of acres is devoted on the land for which a work sheet is executed in 1936. If there is no soil depleting crop which has a larger acreage than any other soil depleting crop on any land for which a work sheet is executed, the "principal soil depleting crop" shall be the soil depleting crop on such land which is of major importance in terms of acreage in the county in which such land is located. Upon recommendation by the State Committee and approval by the Secretary a different basis for determining the principal soil depleting crop may be employed.

B. *Division of Soil Conserving and Soil Building Payments.*—(1) The soil conserving payment shall be divided among owners, share tenants, and share croppers, in the same proportion as the principal soil depleting crop or the proceeds thereof are divided under their lease or operating agreement. Upon recommendation by the State Committee and approval by the Secretary, a different basis for dividing the soil conserving payment may be employed.

(2) The soil building payment shall be made to the eligible producer who the county committee determines under instructions issued by the Secretary has incurred the expense in 1936 with respect to the soil building crops or practices; where two or more persons are thus determined by the county committee to have incurred the expense in 1936 with respect to the soil building crops or practices, the soil building payment shall be divided equally between them.

Any share of soil conserving or soil building payments shall be computed without regard to questions of title under State law, without deductions of claims for advances, and without regard to any claim or lien against the crop or proceeds thereof in favor of the owner or any other creditor.

C. *Land to be Covered by Work Sheet.*—Land comprising two or more contiguous tracts under the same ownership, operated in 1936 as part or all of a single farming unit by a common operator, and located in two or more counties, shall be deemed to be located in the county in which the principal dwelling on such land is located, or, if there is no dwelling on such land, it shall be deemed to be located in the county in which the major portion of such land is located.

The purpose of the work sheet is to obtain a survey of farming conditions and practices, and to facilitate the planning of farming operations which include desirable soil conservation practices and the determination of bases from which grants will be measured.

(1) One or more tracts of farm land in the same county under the same ownership and operated in 1936 as part or all of a single farming unit by a common operator shall be covered by one work sheet.

(2) Where two or more tracts of farm land in the same county are under different ownerships, even though they are operated in 1936 as a single farming unit by a common operator, each separately owned tract shall be covered by a separate work sheet.

(3) Where two or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as separate farming units, each separately operated tract shall be covered by a separate work sheet.

D. *Persons Eligible to Make Application for Grant.*—(1) *Operators.*—An application for a grant as operator may be signed by (a) an owner operating a farming unit owned by him; (b) a share tenant operating a farming unit rented by him on shares; and such other persons as may be approved and designated as operators by the Secretary.

(2) *Owners.*—An application for a grant as owner may be signed by an owner who is not operating such land but has rented it to another on shares, and such other persons as may be approved and designated as owners by the Secretary.

E. *Application for Grant.*—Grants will be made only upon applications filed with the county committees. Each person applying for a grant will be required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant is to be made have been met. Any applicant who owns, operates, or controls land in more than one county in the same State may be required to file in the state office a list of all such land.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 20th day of March 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

EXHIBIT 7.—1936 AGRICULTURAL CONSERVATION PROGRAM—INSULAR REGION

[Bulletin No. 1]

Pursuant to authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act, payments will be made in connection with the effectuation of the purposes of Section 7 (a) of said Act for 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

PART I. DEFINITIONS

As used herein and in all forms and documents relating to the 1936 Agricultural Conservation Program for the Insular Region the following terms shall have the following meanings:

Secretary means the Secretary of Agriculture of the United States.

Insular region means the area included in the Territory of Alaska, the Territory of Hawaii, and Puerto Rico.

Insular Division means the division of the Agricultural Adjustment Administration in charge of the 1936 Agricultural Conservation Program for the Insular Region.

Person means any individual, partnership, association, corporation, or governmental agency.

Operator means a person (whether his relation to the farm be that of owner, cash tenant, share-tenant, or share-cropper) who owns a portion or all of the crops produced on a farm with respect to which an application for a grant is made.

Farm means all tracts of crop land in either the Territory of Alaska, or the Territory of Hawaii, or Puerto Rico, operated by the same operator(s) in 1936 as a single unit, with work stock, farm machinery, and labor substantially separate from that for any other land.

Plantation Farm means any farm comprising more than 500 acres of crop land not devoted to permanent pasture or to orchards or trees of any kind.

Crop Land means land which is tillable and from which any crop other than wild hay or wood was harvested between January 1, 1930, and January 1, 1936.

PART II. APPLICATION AND ELIGIBILITY FOR GRANT

A. *Persons eligible to apply for and receive a grant.*

Application for a grant may be made only by an operator of a farm. In case there is more than one operator of the farm, the application must be made by all operators of the farm.

Payments will be made to: (1) a sole operator; or (2) each operator of a group of two or more operators, *provided* all operators of the farm signify in the application for grant a per centum of the total payment under the application for grant to be made to each operator; or (3) one operator of a group of two or more operators, *provided* all operators of the farm designate such operator in the application for grant as sole recipient, for their benefit, of the payment under the application for grant, or (4) a person who is not an operator, *provided* such person controls the land included within the farm with respect to which the application for grant is made and is designated by the sole operator (or by all the operators) of the farm, as sole recipient, for his (their) benefit, of the payment under the application for grant.

B. *Land to be designated in the application for grant.*

There must be designated in the application for grant all land included within a farm and any other land which serves as a watershed for the supply of water for such farm and on which Practice No. 1 (a) is performed by the operator or operators of the farm.

C. *Filing of application for grant.*

Payments will be made only upon applications for grant filed with a representative of the Insular Division (including Agents and other representatives of the Extension Service of the U. S. Department of Agriculture) on or before March 31, 1937.

PART III. GENERAL CONDITIONS FOR PAYMENT

(a) No payment shall be made under this program unless the Practices performed are carried out in accordance with the generally accepted standards of good farming methods and by using the kinds and quantities of seeds, trees, and other materials normally employed for such practices.

(b) No payments shall be made under this program except with respect to Practices performed in the calendar year 1936.

(c) No total payment shall be made, with respect to any performance under this program, which is in excess of the product of \$5.00 multiplied by the number of acres of land on which one or more of Practices Nos. 1, 2, 4, 5, and 6 is performed.

(d) No payment shall be made under this program with respect to an application for grant pertaining to any plantation farm except on the condition that Practice 7 (a) be performed, and that such part of Practice 7 (b) be performed as is practicable within the calendar year 1936.

(e) No payment shall be made under this program with respect to performance for which the labor, seeds, or materials (except trees), are furnished by any governmental agency.

PART IV. AGRICULTURAL CONSERVATION PRACTICES

The following rates and conditions of payment shall be applicable to the performance of the following Practices during the calendar year 1936 on land designated in an application for grant under the 1936 Agricultural Conservation Program for the Insular Region:

1. *Forestation.*

(a) A payment of \$5.00 per acre of land planted entirely to Forest Trees or Windbreak Trees, either by planting seedling trees, or by hand seeding on a

suitably prepared seedbed (see Farmers' Bulletin No. 1177, *Care and Improvement of the Farm Woods*, published by the U. S. Department of Agriculture).

(b) A payment of \$2.50 per acre of land planted to a normal number of Coffee Shade Trees, either by planting seedling trees, or by hand seeding on a suitably prepared seedbed.

2. Terracing.

A payment of 40 cents per one hundred linear feet of completed terrace constructed and maintained; the total payment for terracing not to exceed \$2.50 per acre of land so terraced (see Farmers' Bulletin No. 1669, *Farm Terracing*, published by the U. S. Department of Agriculture).

3. Ditching to Prevent Soil Washing.

A payment of 10 cents per one hundred linear feet of permanent ditching constructed and maintained for the diversion of surface water to prevent soil washing, not including any temporary field ditching or any ditching primarily for purposes of irrigation, sub-surface drainage or underdrainage, or primarily for any purpose other than the prevention of soil washing (see Farmers' Bulletin No. 1606, *Farm Drainage*, published by the U. S. Department of Agriculture).

4. Contour Cultivation and Listing.

(a) A payment for Contour Cultivation of 50 cents per acre of row crops on land of 2% or more slope, which is plowed, planted, and cultivated along contour lines (see Leaflet No. 85, *Strip Cropping to Prevent Erosion*, published by the U. S. Department of Agriculture).

(b) A payment for Listing of 50 cents per acre of land of 2% or more slope which is properly listed along contour lines for fallowing or for planting protective, non-depleting cover crops.

5. Planting protective, non-depleting cover crops.

Payments for planting protective, non-depleting cover crops, as follows:

(a) Per acre of such crops Strip Cropped, \$1.00 (see Leaflet No. 85, *Strip Cropping to Prevent Erosion*, published by the U. S. Department of Agriculture).

(b) Per acre Interplanted, \$1.00 (see Farmers' Bulletin No. 1750, *Summer Crops for Green Manure and Soil Improvement*, published by the U. S. Department of Agriculture).

(c) Per acre of such crops planted In Rotation with other crops, or used for Green Manuring, \$2.00 if not irrigated, and \$3.00 if irrigated (see Farmers' Bulletin No. 1475, *Soil Productivity as Affected by Crop Rotation*, and Farmers' Bulletin No. 1250, *Green Manuring*, published by the U. S. Department of Agriculture).

(d) Per acre of perennial varieties of such crops planted for Permanent Pasture, \$3.00 if not irrigated, and \$4.00 if irrigated (see Miscellaneous Publication No. 194, *A Pasture Handbook*, published by the U. S. Department of Agriculture).

For the purpose of this section the term "protective, non-depleting cover crops" shall be deemed to include: (1) all grasses, provided no grain is harvested therefrom, (2) field peas, cowpeas, pigeon peas, grandule, soybeans, velvet beans, sword beans, crotalaria, provided the vines are not removed from the land, (3) alfalfa, vetch, clovers, lespedeza, kudzu, lupines, and (4) any other crops approved by the Director of the Insular Division.

6. Application of Fertilizers.

Payments for the application of fertilizers as follows:

(a) Per ton (2,000 pounds) of Ground Limestone, or its equivalent, \$1.40; per ton (2,000 pounds) of Burned or Hydrated Lime, \$2.15; the total payment for liming not to exceed \$2.80 per acre.

(b) Per one hundred pounds of Chemical Fertilizer, of which the principal constituents of value are any form or combination of phosphoric acid, nitrogen, or potash, 50 cents; the payment not to exceed \$2.50 per acre; *provided* that in order for a plantation farm to qualify for this payment the chemical fertilizer applied must be (1) in an amount per acre not less than the minimum standard, and (2) of a composition, approved by the Director of the Insular Division, for the conditions (type of soil, kind of crop, available moisture, and time of application) under which the application is made; and *provided further* that no payment shall be made for the application of chemical fertilizer on land on which tobacco is grown at any time during the calendar year 1936.

7. Soil Analysis and Field Experiment.

(a) A Soil Map, or maps, showing the principal types of soil included in the crop land on the plantation farm, based on soil analyses (see Circular No. 139,

Method and Procedure of Soil Analysis, published by the U. S. Department of Agriculture) sufficient to show the general nature of the textural and chemical composition, at various depths within the zone of root penetration, of each principal soil type; a copy of the map and a report of the analyses to be supplied to the local office of the Insular Division; no payment.

(b) A Field Experiment on each principal type of soil included in the crop land on the plantation farm (but not more than one field experiment for each 500 acres of crop land) in the use of organic matter or chemical fertilizers, the experiment to be properly laid out, controlled, harvested, and reported (to the local office of the Insular Division), with not less than five repetitions of each individual treatment (variable) to be tested, and five repetitions of the standard check, in plots of not less than one-twentieth acre each; no payment.

In testimony whereof, W. R. Gregg, Acting Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 10th day of July 1936.

[SEAL]

W. R. GREGG,
Acting Secretary of Agriculture.

EXHIBIT 8.—1936 SOIL CONSERVATION PROGRAM—NORTH CENTRAL REGION

[Bulletin No. 1]

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act, payments will be made, in connection with the effectuation of the purposes of section 7 (a) of said act during 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

RATES AND CONDITIONS OF PAYMENT

Payment will be made, in connection with the utilization in 1936 of the land on any farm ¹ in the North Central Region ² of the United States, in the amounts and subject to the conditions hereinafter set forth:

1. *Soil Building Payments.*—Payment will be made for the planting of soil building crops on crop land ³ in 1936 and the carrying out of soil building practices on crop land or pasture in 1936, as such rates in any state, and for such crops and practices in any state, and upon such conditions as are recommended by the state committee for such state and approved by the Secretary: *Provided*, That the total soil building payment made with respect to any farm (a) shall not exceed an amount equal to \$1.00 for each acre of crop land on the farm used in 1936 for soil conserving crops and soil building crops, or (b) shall not exceed \$10.00 for the farm, whichever is the larger.

2. *Soil Conserving.*—Payment will be made with respect to each acre of the base acreage for the farm of any soil depleting crop or any group of such crops which in 1936 is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice. The amount of such payment made with respect to any farm shall be computed as follows:

¹ The term "farm" as used herein shall mean all tracts of farm land in the same county under the same ownership and operated in 1936, as all or part of a single farming unit, by the same operator.

² The "North Central Region" includes the states of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, South Dakota, and Nebraska.

³ The term "crop land" as used herein shall mean all land from which any crop (other than wild hay) was harvested in 1935 together with all other farm land which is tillable and from which at least one crop (other than wild hay) has been harvested since January 1, 1930.

Soil depleting crop	Payment for each acre of the base acreage used in 1936 in the manner specified above	Maximum acreage with respect to which payment will be made
(a) All soil depleting crops except cotton, tobacco, sugar beets, and flax.	An average for the United States of \$10 per acre, varying among states, counties, and individual farms, as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States. ¹	15 percent of the base acreage for the farm of all soil depleting crops except cotton, tobacco, sugar beets, and flax.
(b) Cotton.....	5¢ for each pound of the normal yield per acre of cotton for the farm.	35 percent of the cotton base acreage for the farm. ²
(c) Tobacco.....	For each pound of the normal yield per acre of tobacco for the farm at the following rates per pound of specified kinds of tobacco, as follows: (1) 5¢ for Burley. (2) 3½¢ for dark air-cured. (3) 3¢ for Miami Valley types 42, 43, & 44, Wisconsin types 54 & 55, or any other kind of tobacco.	30 percent of the base acreage for the farm.
(d) Sugar beets and flax...	Payments which will be made with respect to sugar beets and flax are set forth in sections 4 and 5.	

¹ The rate per acre will vary among the states and counties depending upon the productivity of crop land devoted to corn, wheat, oats, barley, rye, buckwheat, grain sorghum, soybeans, cowpeas, dry edible beans, potatoes, sweet potatoes, sweet sorghum for syrup, and broom corn; and vary among farms within the county depending upon the productivity of crop land.

² The total payment made in any county pursuant to this provision will be made with respect to an acreage not exceeding 25 percent of the aggregate of the cotton base acreages which could be established for all the farms in the county.

3. *Minimum acreage of Soil Conserving Crops.*—No payment shall be made with respect to any farm, in accordance with any of the provisions herein, unless the total acreage of soil conserving crops and soil building crops on crop land on the farm in 1936 equals or exceeds either (a) 20 percent of the base acreages of all soil depleting crops ⁴ for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained pursuant to the provisions of section 2.

4. *Sugar Beets.*—Payment will be made with respect to any farm on which sugar beets are grown in 1936, in an amount for each acre of such crops grown on the farm in 1936, not in excess of the base acreage for sugar beets for the farm, equal to 12½ cents for each 100 pounds, raw value, of sugar recoverable from the normal yield per acre of sugar beets for the farm: *Provided*, There is grown on the farm in 1936 on crop land as well adapted to sugar beets as the land on the farm on which such crop is grown in 1936, an acreage of soil conserving crops or soil building crops, in addition to the acreage devoted to soil conserving or soil building crops or to soil conservation or building practices pursuant to the provision of any other section herein, equal to not less than 50 percent of the acreage of sugar beets grown on the farm in 1936.

5. *Flax.*—Payment will be made with respect to any farm on which flax is grown in 1936, in an amount for each acre of flax grown on the farm in 1936, not in excess of the base acreage for flax for the farm, equal to 20 cents per bushel of the normal yield per acre of flax for the farm: *Provided*, There is grown on the farm in 1936, on crop land as well adapted to flax as the land on the farm on which flax is grown in 1936, an acreage of soil conserving crops or soil building crops, in addition to the acreage devoted to such crops or to soil conservation or building practices pursuant to the provisions of any other section herein, equal to not less than 20 percent of the acreage of flax grown on the farm in 1936.

6. *Adjustment in Rates.*—The rates specified in sections 2, 4, and 5 are based upon an estimate of available funds and an estimate of approximately 80 percent participation by farmers. If participation in any region exceeds that estimated for that region, all the rates specified in sections 2, 4, and 5 for such region will be reduced pro rata. If participation in any region is less than the estimate for the region, the rates may be increased pro rata. In no case will the rates be increased or decreased by more than 10 percent.

7. *Increase of Soil Depleting Crops.*—If the acreage on any farm in 1936 of any soil depleting crop or any group of soil depleting crops ⁵ is in excess of the base acreage for the farm for such crop or group of crops, a deduction from any pay-

⁴ Not including sugar beets or flax. Any payment made with respect to any farm on which any of these crops are grown in 1936 shall also be conditioned upon the provisions of sections 4 and 5.

⁵ For the purposes of this section, sugar beets, sugarcane for sugar, flax, and rice shall be included in the group of soil depleting crops, which includes all such crops except cotton, tobacco, peanuts, sugar beets, sugarcane for sugar, flax, and rice.

ment which otherwise would be made for the farm pursuant to any of the provisions herein will be made for each acre of such excess acreage at the rates per acre specified in section 2 above for the diversion of land to soil conserving crops and soil building crops from the particular crop or group of crops which exceed their bases.

ESTABLISHMENT OF BASES

North Central Region

The county committees will recommend for approval by the Secretary a soil depleting base acreage for each farm. Such base acreage shall represent a normal acreage of soil depleting crops for the farm determined as indicated below:

SECTION 1. The base acreage of soil depleting crops shall be the acreage of such crops harvested in 1935,⁶ subject to the following adjustments:

(a) There shall be added to the 1935 acreage of soil depleting crops the number of "rented", "contracted", or "retired" acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935.

(b) Where, because of unusual weather conditions, the acreage of soil depleting crops harvested in 1935 was less than the number of acres of such crops usually harvested on the farm, such acres shall be increased to the acreage which is comparable to the acreage of such crops harvested on such farm under normal conditions in past years.

(c) Where the 1935 acreage of soil depleting crops for any farm, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms.

SECTION 2. A county ratio of soil depleting crop acreage to all farm land will be established for each county by the Agricultural Adjustment Administration from available statistics. The average of the ratios of the soil depleting base acreages which are established for all farms in any county shall conform to the ratio for such county unless a variance from such ratio is recommended by the State Committee and approved by the Agricultural Adjustment Administration.

SECTION 3. A separate base acreage shall be established for each of the following crops: cotton, tobacco, flax, and sugar beets.

A. *Cotton and tobacco.*—The base acreage for cotton and tobacco, respectively, for a farm shall be the base acreage which was established for such farm under the procedure for adjustment programs for 1936, or which could have been established under such procedure, subject to adjustments as indicated below:

(1) There shall be deducted from the 1935 acreage of any soil depleting crops other than cotton or tobacco, such part of the "rented" acreage under 1935 cotton or tobacco, adjustment program as was added to the usual acreage of such other soil depleting crops.

(2) If the total of the base acreages for cotton and tobacco of any farm exceeds the annual average of the total acreage of such crops harvested in a representative period preceding 1934, such base acreages shall be adjusted downward to eliminate such excess. Unless a more practicable method of adjustment is settled upon, a pro-rata basis shall be used.

(3) Where the soil depleting acreages determined for any farm as indicated above differ materially from such acreages determined for farms located in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, adjustments will be made which will result in base acreages which are equitable as compared with the base acreages of such other similar farms.

The total base acreages for cotton and tobacco respectively for farms in any county or other specified area shall not exceed the base acreages for such crops established for such county or other specified area by the Agricultural Adjustment Administration.

B. *Flax.*—The county committee shall in accordance with instructions issued by the Secretary recommend for each farm a base acreage for flax which it determines to be equitable based upon the farming plans made with respect to flax and the ability of the operator to provide the facilities required for the production of flax.

⁶ Where more than one soil depleting crop was harvested from the same land in 1935, the acreage shall be counted only once.

The total of the base acreage for flax in any county or other specified area shall not exceed the base acreage of flax established for such county or other specified area by the Agricultural Adjustment Administration.

C. *Sugar beets*.—The county committees will recommend for approval by the Secretary a base acreage of sugar beets which is determined on the basis of the following and other available information to be an equitable base for the farm:

(1) The base which has been or could have been established for the farm pursuant to the Secretary's announcement of November 25, 1935,

(2) The facilities, including land, for the production of sugar beets, and the past use of such facilities.

The total base acreage for 1936 for all farms in any specified district shall not exceed the acreage equivalent of the proportionate share, as determined by the Secretary, of the total quantity of production required to enable the producing area of which the specified district is a part, to meet its marketing quota as established by the Secretary under the provisions of the Jones-Costigan Act.

SECTION 4. Any person who has reason to believe that he has not received an equitable base may request the county committee to reconsider its recommendation. If no agreement is reached by such person and the committee, an appeal may be made in accordance with rules prescribed by the Secretary.

CLASSIFICATION OF CROPS

North Central Region

Crop acreage when devoted to crops and used as indicated below shall be considered in the following classification, except for such additions or modifications as may be approved by the Secretary upon the recommendation of the State Committee.

Changes in the use of land which involve the destruction of feed, fibre, or feed grains will not be approved as either soil conserving or soil building uses of such land.

Soil Depleting Crops:

1. Corn (field, sweet; broom, and popcorn).
2. Cotton.
3. Tobacco.
4. Irish potatoes.
5. Sweet potatoes.
6. Rice.
7. Sugar beets.
8. Hemp.
9. Cultivated sunflowers.
10. Commercial truck and canning crops, melons, and strawberries.
11. Grain sorghums and sweet sorghums.
12. Small grains, harvested for grain or hay (wheat, oats, barley, rye, buckwheat, flax, emmer, speltz, and grain mixtures).
13. Annual grasses, harvested for hay or seed (sudan and millets).
14. Annual legumes, harvested for grain or hay (soybeans, field beans, cowpeas, and field peas).
15. Unless otherwise recommended by the State Committee and approved by the Secretary, all idle crop land in 1936 shall be considered as having been devoted to soil depleting uses.

Soil Conserving Crops:

1. *Annual legumes*, including vetch, winter peas, and crimson clover; *biennial legumes*, including sweet, red, alsike, and Mammoth clovers; *perennial legumes*, including alfalfa, Lespedeza Sericea, and white clover; and *Annuul Lespedeza*, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
2. *Perennial grasses*, including bluegrass, Dallis, timothy, red-top, orchard, Bermuda, brome, crested and slender wheat grass, or grass mixtures, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.

3. Crop acreage planted to forest trees since January 1, 1934.

Soil Building Crops:

1. *Annual legumes*.—(a) including vetch, winter peas, and crimson clover, when turned under as a green manure crop. Acreage seeded to these crops in the fall of 1935 and turned under in 1936.
- (b) including soybeans, field beans, field peas, and cowpeas, when turned under as a green manure crop.

2. *Biennial legumes*, including sweet, red, alsike, and Mammoth clovers; *perennial legumes*, including alfalfa, Lespedeza Sericea, and white clover; and annual varieties of *Lespedeza*; when seeded in 1936.

3. *Forest trees*, when planted on crop land in 1936.

Neutral Classification (not to be counted in establishing bases):

1. Vineyards, tree fruits, small fruits, or nut trees (not interplanted).⁷
2. Idle cropland.⁸
3. Cultivated fallow land.⁹
4. Wasteland, roads, lanes, lots, yards, etc.
5. Woodland, other than that planted since January 1, 1934.

FORMS

North Central Region

Attached hereto is the Work Sheet for the 1936 Soil Conservation Program. This form is to be filled in by the community committeeman with the aid of the operator. Instructions for the preparation of the Work Sheet will be issued as soon as possible. County Listing Sheets for the summarization of the data on the Work Sheet and instructions pertaining to the County Listing Sheets will be issued later.

State and County Code and Number -----

Form No. -----

United States Department of Agriculture

Agricultural Adjustment Administration

March 1936

1936 SOIL CONSERVATION PROGRAM

WORK SHEET—NORTH CENTRAL REGION

SECTION I -----
 (Name of 1936 operator) ----- (Address) -----

 (Name of owner) ----- (Address) -----

hereby submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date -----, 1936.

 (Signature of operator or owner)

SECTION II. This land is located -----

 (Miles and direction)

from ----- Road,
 described as ----- of Section -----
 Township -----, Range -----

⁷ If interplanted, such acreage shall carry the classification and *actual* acreage of the intercrop grown.

⁸ Where, due to unusual weather conditions crop land was left idle in 1935, it may be reclassified upon recommendation of the State Committee and approval of the Secretary.

⁹ Cultivated fallow land may be otherwise classified upon recommendation of the State Committee and approval of the Secretary.

SECTION III. Table I.

Utilization of Land		Commun. Com. Adj. (Acres) (c)
Crops or land use (a)	Harvested in 1935 (Acres) (b)	
1. All field corn.....		
2. Wheat.....		
3. Oats.....		
4. Barley.....		
5. Rye.....		
6. Soybeans, cow peas.....		
7. Potatoes.....		
8. Vegetable crops.....		
9.....		
10.....		
11.....		
12.....		
13. Subtotal (1-12).....		
14. Alfalfa hay.....		
15. Clover, timothy hay.....		
16. Other tame hay.....		
17. Subtotal (14-16).....		
18. Idle cropland.....		
19. Cultivated fallow.....		
20. Rotation pasture.....		
21. Other plow pasture.....		
22. Wild hay.....		
23. Native pasture range.....		
24. Orchards, vineyards.....		
25. Other non-cropland.....		
26. Total acres.....		

TABLE II.—A. A. A. Contract Data.

Commodity (a)	Serial Number (b)	Base		
		Years (c)	Acres (d)	Yield (e)
1.				
2.				
3.				

TABLE III.—Base Acreage and Yield.

	Commun. Com. recom- mended		County Com. recom- mended		State Board Approved	
	Acres (b)	Yld. (c)	Acres (d)	Yld. (e)	Acres (f)	Yld. (g)
1. All soil depleting crops (Acres).....						
2. Special Crops.....						
3.						
4.						
5.						
6. Other soil depleting crops.....						
7. Other tracts of land owned, operated or controlled by operator Owner.....						
8. Tenure in 1936.....						
Special Conditions.....						
(Community Committeeman)						
(Community Committeeman)						

DIVISION OF PAYMENTS, LAND TO BE COVERED BY WORK SHEET, AND APPLICATION FOR GRANT

North Central Region

A. *Definitions.*—As used herein the following terms shall have the following meanings:

- (1) "Person" means an individual, partnership, association, or corporation.
- (2) "Owner" means a person who owns land which is not rented to another for cash or a fixed commodity payment, or who rents land from another for cash or for a fixed commodity payment, or who is purchasing land on installments for cash or for a fixed commodity payment.
- (3) "Share-tenant" means a person other than an owner or share-cropper who is entitled to operate a farming unit and to receive a portion of the crop produced on such farming unit, or the proceeds thereof. If a share-tenant sublets the farming unit to another share-tenant, and both such share-tenants are to share in the crop produced on such farming unit, or the proceeds thereof, both shall be deemed share-tenants.
- (4) "Share-cropper" means a person who works a farm in whole or in part and receives for his labor a proportionate share of the crops produced thereon, or the proceeds thereof.
- (5) "Farming unit" means all land under the supervision of an operator which is farmed by that operator in 1936 as a single unit, with workstock, farm machinery, and labor substantially separate from that for any other land.
- (6) "Principal soil depleting crop" means the soil depleting crop to which the greatest number of acres is devoted on the land for which a work sheet is executed in 1936. If there is no soil depleting crop which has a larger acreage than any other soil depleting crop on any land for which a work sheet is executed, the "principal soil depleting crop" shall be the soil depleting crop on such land which is of major importance in terms of acreage in the county in which such land is located. Upon recommendation by the State Committee and approval by the Secretary a different basis for determining the principal soil depleting crop may be employed.

B. *Division of Soil Conserving and Soil Building Payments.*—Both the soil conserving and soil building payments shall be divided between the owner and share-tenant in the same proportion as the principal soil depleting crop, or the proceeds thereof, is divided under their lease or operating agreement. Upon recommendation of the State Committee and approval by the Secretary a different basis for dividing the soil conserving and soil building payments may be employed where sugar beets constitute a soil depleting crop.

Any share of soil conserving or soil building payments shall be computed without regard to questions of title under State law, without deductions of claims for advances, and without regard to any claim or lien against the crop or proceeds thereof in favor of the owner or any other creditor.

C. *Land to be Covered by Work Sheet.*—The purpose of the work sheet is to obtain a survey of farming conditions and practices, and to facilitate the planning of farming operations which include desirable soil conservation and soil building practices and the determination of bases from which grants will be measured.

Land comprising two or more contiguous tracts under the same ownership, operated in 1936 as part or all of a single farming unit by a common operator, and located in two or more counties, shall be deemed to be located in the county in which the principal dwelling on such land is located, or, if there is no dwelling on such land, it shall be deemed to be located in the county in which the major portion of such land is located.

(1) Where one or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as part or all of a single farming unit by a common operator such tract or tracts shall be covered by one work sheet.

(2) Where two or more tracts of farm land in the same county are under different ownerships, even though they are operated in 1936 as a single farming unit by a common operator, each separately owned tract shall be covered by a separate work sheet.

(3) Where two or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as separate farming units, each separately operated tract shall be covered by a separate work sheet.

D. *Persons Eligible to Make Application for Grant.*—(1) *Operators.*—An application for a grant as operator may be made by (a) an owner operating a farming unit owned by him; (b) a share tenant operating a farming unit rented by him on shares; and such other persons as may be designated as operators by the Secretary.

(2) *Owners*.—An application for a grant as owner may be made by an owner who is not operating the land with respect to which the application is made but who has rented such land to another on shares, and such other persons as may be designated as owners by the Secretary.

E. Application for Grant.—Grants will be made only upon application filed with the county committee. Each person applying for a grant will be required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant is to be made have been met. Any applicant who owns, operates, or controls land in more than one county in the same State may be required to file in the State office a list of all such land.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 20th day of March 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

EXHIBIT 9.—1936 SOIL CONSERVATION PROGRAM—NORTHEASTERN REGION

[Bulletin No. 1]

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act, payments will be made, in connection with the effectuation of the purposes of section 7 (a) of said act during 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

RATES AND CONDITIONS OF PAYMENT

Payment will be made, in connection with the utilization in 1936 of the land on any farm¹ in the Northeast Region² of the United States, in the amounts and subject to the conditions hereinafter set forth:

1. *Soil Building Payments*.—Payment will be made for the planting of soil building crops on crop land³ in 1936 and the carrying out of soil building practices on crop land or pasture in 1936, at such rates in any state, and for such crops and practices in any state, and upon such conditions as are recommended by the state committee for such state and approved by the Secretary: *Provided*, That the total soil building payment made with respect to any farm (a) shall not exceed an amount equal to \$1.00 for each acre of crop land on the farm used in 1936 for soil conserving crops and soil building crops, or (b) shall not exceed \$10.00 for the farm, whichever is the larger.

2. *Soil Conserving Payments*.—Payment will be made with respect to each acre of the base acreage for the farm of any soil depleting crop or any group of such crops which in 1936 is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice. The amount of such payment made with respect to any farm shall be computed as follows:

¹ The term "farm" as used herein shall mean all tracts of farm land in the same county under the same ownership and operated in 1936, as all or part of a single farming unit, by the same operator.

² The "Northeast Region" includes the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania.

³ The term "crop land" as used herein shall mean all land from which any crop (other than wild hay) was harvested in 1935 together with all other farm land which is tillable and from which at least one crop (other than wild hay) has been harvested since January 1, 1930.

Soil depleting crop	Payment for each acre of the base acreage used in 1936 in the manner specified above	Maximum acreage with respect to which payment will be made
(a) All soil depleting crops except tobacco.	An average for the United States of \$10 per acre, varying among states, counties, and individual farms as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States. ¹	15 percent of the base acreage for the farm of all soil depleting crops except tobacco.
(b) Tobacco-----	For each pound of the normal yield per acre of tobacco for the farm at the following rates per pound of specified kinds of tobacco, as follows: (1) 4¢ for Conn. Valley types 51 and 52. (2) 3¢ for Penn. & New York types 41 and 53, or any other kind of tobacco.	30 percent of the base acreage for the farm.

¹ The rate per acre will vary among the states and counties depending upon the productivity of crop land devoted to corn, wheat, oats, barley, rye, buckwheat, grain sorghum, soybeans, cowpeas, dry edible beans, potatoes, sweet potatoes, sweet sorghum for syrup, and broom corn; and vary among farms within the county depending upon the productivity of crop land.

3. *Minimum Acreage of Soil Conserving Crops.*—No payment shall be made with respect to any farm, in accordance with any of the provisions herein, unless the total acreage of soil conserving crops and soil building crops on crop land on the farm in 1936 equals or exceeds either (a) 20 percent of the base acreage of all soil depleting crops for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained pursuant to the provisions of section 2.

4. *Adjustment in Rates.*—The rates specified in section 2 are based upon an estimate of available funds and an estimate of approximately 80 percent participation by farmers. If participation in any region exceeds that estimated for that region, all the rates specified in section 2 for such region will be reduced pro rata. If participation in any region is less than the estimate for the region, the rates may be increased pro rata. In no case will the rates be increased or decreased by more than 10 percent.

5. *Increases of Soil Depleting Crops.*—If the acreage on any farm in 1936 of any soil depleting crop or any group of soil depleting crops is in excess of the base acreage for the farm for such crop or group of crops, a deduction from any payment which otherwise would be made for the farm pursuant to any of the provisions herein will be made for each acre of such excess acreage at the rates per acre specified in section 2 above, for the diversion of land to soil conserving crops and soil building crops from the particular crop or group of crops which exceed their bases.

ESTABLISHMENT OF BASES

Northeast Region

The county committees will recommend for approval by the Secretary of a soil depleting base acreage for each farm. Such base acreage shall represent a normal acreage of soil depleting crops for the farm determined as indicated below:

SECTION 1. The base acreage of soil depleting crops shall be the acreage of such crops harvested in 1935⁴ subject to the following adjustments:

(a) There shall be added to the 1935 acreage of soil depleting crops the number of "rented", "contracted", or "retired" acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935.

(b) Where, because of unusual weather conditions, the acreage of soil depleting crops harvested in 1935 was less than the number of acres of such crops usually harvested on the farm, such acreage shall be increased to the acreage which is comparable to the acreage of such crops harvested on such farm under normal conditions in past years.

(c) Where the 1935 acreage of soil depleting crops for any farm, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms.

⁴ Where more than one soil depleting crop was harvested from the same land in 1935, the acreage shall be counted only once.

SECTION 2. A county ratio of soil depleting crop acreage to all farm land will be established for each county by the Agricultural Adjustment Administration from available statistics. The average of the ratios of the soil-depleting base acreages, which are established for all farms in any county shall conform to the ratio for such county unless a variance from such ratio is recommended by the State Committee and approved by the Agricultural Adjustment Administration.

SECTION 3. A separate base acreage shall be established for tobacco. The base acreage for tobacco for a farm shall be the base acreage, which was established for such farm under the procedure for adjustment program for 1936, or which could have been established under such procedure, subject to adjustments as indicated below:

(1) There shall be deducted from the 1935 acreage of any soil depleting crops other than tobacco, such part of the "rented" acreage under 1936 tobacco adjustment program as was added to the usual acreage of such other soil depleting crops.

(2) Where the base acreage for tobacco determined for any farm as indicated above differs materially from such acreage determined for farms located in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, adjustments will be made which will result in a base acreage which is equitable as compared with the base acreages of such other similar farms.

The total base acreages for tobacco for farms in any county or other specified area shall not exceed the base acreage for tobacco established for such county or other specified area by the Agricultural Adjustment Administration.

SECTION 4. Any person who has reason to believe that he has not received an equitable base may request the county committee to reconsider its recommendation. If no agreement is reached by such person and the committee, appeal may be made in accordance with rules prescribed by the Secretary.

CLASSIFICATION OF CROPS

Northeast Region

Crop acreage when devoted to crops and used as indicated below shall be considered in the following classification except for such additions or modifications as may be approved by the Secretary upon the recommendation of the State Committee.

Changes in the use of land which involve the destruction of food, fibre, or feed grains will not be approved as either soil conserving or soil building uses of such land.

Soil Depleting Crops:

1. Corn (including sweet corn and popcorn).
2. Tobacco.
3. Irish potatoes.
4. Sweet potatoes.
5. All commercial canning and truck crops, including melons and strawberries.
6. Field beans, if harvested.
7. Small grains, including wheat, oats, barley, rye, buckwheat, and small grain mixtures, if harvested for either grain or hay and not used as a nurse crop for legumes.
8. Annual grasses, including Sudan, and millets, if harvested for hay or seed.
9. Summer legumes, including soybeans, field peas, and cowpeas, if harvested as grain or hay.

Soil Conserving Crops:

1. *Annual legumes*, including vetch, winter peas, and crimson clover; and Lespedeza, when pastured or harvested for hay or seed.
2. *Annual grasses*, including Sudan and millets, when pastured or left on the land.
3. *Perennial grasses*, including bluegrass, orchard, redtop and mixtures of those, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
4. *Winter cover crops*, such as rye, barley, oats or grain mixtures, winter pastured or not, and turned under as a green manure.
5. Crop acreage planted to forest trees since January 1, 1934, and not pastured.

Soil Building Crops:

1. *Annual legumes*, including vetch, winter peas, bur and crimson clover, soybeans, and cowpeas, when turned under as a green manure crop.

2. *Biennial legumes*, including sweet, red, alsike, and Mammoth clovers; and *perennial legumes*, including alfalfa and white clover; without a nurse crop or with an approved nurse crop.

3. *Forest trees*, planted in 1936, and not pastured.

Neutral classification (not to be counted in establishing bases):

1. Vineyards, tree fruits, small fruits, or nut trees (not interplanted).⁵

2. Idle cropland.⁶

3. Cultivated fallow land, including clean cultivated orchards and vineyards.⁷

4. Wasteland, roads, lanes, lots, yards, etc.

5. Woodland, other than that planted since January 1, 1934.

FORMS

Northeastern Region

Attached hereto is the Work Sheet for the 1936 Soil Conservation Program. This form is to be prepared in triplicate. Instructions for the preparation for this Work Sheet will be issued as soon as possible. County Listing Sheets for the summarization of the data on the Work Sheet and instructions pertaining to the County Listing Sheets will be issued later.

State and County Code and Serial Number -----

Form No. -----

U. S. Department of Agriculture
Agricultural Adjustment Administration
March 1936

1936 SOIL CONSERVATION PROGRAM WORK SHEET

NORTHEAST REGION

SECTION I. -----, -----
(Name of 1936 Operator) (Address)

-----, -----
(Name of Owner) (Address)

hereby submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date -----, 1936.

(Signature of Owner or Operator)

SECTION II. This land is located ----- from
(Miles and Direction)

----- on ----- Road in -----
(City or Town) (Township or Town)

⁵ If interplanted, such acreage shall carry the classification and *actual* acreage of the intercrop grown.

⁶ Where, due to unusual weather conditions, crop land was left idle in 1935, it may be reclassified upon recommendation of the State Committee and approval of the Secretary.

⁷ Cultivated fallow land may be otherwise classified upon recommendation of the State Committee and approval of the Secretary.

SECTION III. Utilization of Land.

Crop or land use	Base, acres	Harvested 1935 (A)	Adjusted (B)
		Acres	Acres
1. Tobacco.....			
2. Corn for all purposes.....			
3. Wheat.....			
4. Oats.....			
5. Barley.....			
6. Rye.....			
7. Buckwheat.....			
8. Potatoes (Irish & Sweet).....			
9.....			
10.....			
11.....			
12.....			
13. Truck & Vegetable Crops.....			
14. Subtotal (Items 1-13).....			
15. Clover & timothy hay.....			
16. Alfalfa hay.....			
17. Other tame hay.....			
18.....			
19.....			
20.....			
21. Subtotal (Items 15-20).....			
22. Total crop acreage.....			
23. Bldgs., Roads, Lanes, etc.....			
24. Woods not pastured, waste, etc.....			
25. Woods pastured.....			
26. Open pasture.....			
27. Wild or marsh hay.....			
28. Orchards & vineyards (Clean cultivated only).....			
29. Total acres all land.....			
30. Yield per acre.....	(Crop)		(Yield)

SECTION IV. Base Acreage and Yield.

	Preliminary Adj.		County Committee Adjustment		Approved	
	Acres (A)	Yield (B)	Acres (C)	Yield (D)	Acres (E)	Yield (F)
1. All soil depleting crops.....		XXX		XXX		XXX
2. Tobacco.....						
3. Other soil depleting crops.....						
4.....						

Number of other farms owned or operated in this county:

By Owner

By Operator

Date, 1936. Reviewed by

DIVISION OF PAYMENTS, LAND TO BE COVERED BY WORK SHEET, AND APPLICATION
FOR GRANT*Northeast Region*A. *Definitions.*—As used herein, the following terms shall have the following meanings:

(1) "Person" means an individual, partnership, association, or corporation.

(2) "Owner" means a person who owns land which is not rented to another for cash or a fixed commodity payment; or who rents land from another for cash or for a fixed commodity payment; or who is purchasing land on installments for cash or for a fixed commodity payment.

(3) "Share tenant" means a person other than an owner or share-cropper who is operating an entire farming unit without direct supervision of the owner and who is entitled to a portion of the crop produced on such farming unit, or the proceeds thereof.

(4) "Share cropper" means a person who works a farm in whole or in part and receives for his labor a proportionate share of the crops produced thereon, or the proceeds thereof.

(5) "Farming unit" means all land under the supervision of an operator which is farmed by that operator in 1936 as a single unit, with workstock, farm machinery, and labor substantially separate from that for any other land.

(6) "Principal soil depleting crop" means the soil-depleting crop to which the greatest number of acres is devoted on the land for which a work sheet is executed in 1936. If there is no soil-depleting crop which has a larger acreage than any other soil depleting crop on any land for which a work sheet is executed, the principal soil-depleting crop shall be the soil-depleting crop on such land which is of major importance in terms of acreage in the county in which such land is located. Upon recommendation by the State Committee and approval by the Secretary a different basis for determining the principal soil-depleting crop may be employed.

B. Division of Soil Conserving and Soil Building Payments.—(1) The soil conserving payment shall be divided among owners, share-tenants, and share-croppers, in the same proportion as the principal soil depleting crop or the proceeds thereof are divided under their lease or operating agreement. Upon recommendation by the State Committee and approval by the Secretary, a different basis for dividing the soil conserving payment may be employed.

(2) The soil building payment shall be made to the eligible producer who the county committee determines under instructions issued by the Secretary has incurred the expense in 1936 with respect to the soil building crops or practices; where two or more persons are thus determined by the county committee to have incurred the expense in 1936 with respect to the soil building crops or practices, the soil building payment shall be divided equally between them.

Any share of soil conserving or soil building payments shall be computed without regard to questions of title under State law, without deductions of claims for advances, and without regard to any claims or lien against the crop or proceeds thereof in favor of the owner or any other creditor.

C. Land to be Covered by Work Sheet.—Land comprising two or more contiguous tracts under the same ownership, operated in 1936 as part or all of a single farming unit by a common operator, and located in two or more counties, shall be deemed to be located in the county in which the principal dwelling on such land is located, or, if there is no dwelling on such land, it shall be deemed to be located in the county in which the major portion of such land is located.

The purpose of the work sheet is to obtain a survey of farming conditions and practices, and to facilitate the planning of farming operations which include desirable soil conservation practices and the determination of bases from which grants will be measured.

(1) One or more tracts of farm land in the same county under the same ownership and operated in 1936 as part or all of a single farming unit by a common operator shall be covered by one work sheet.

(2) Where two or more tracts of farm land in the same county are under different ownerships, even though they are operated in 1936 as a single farming unit by a common operator, each separately owned tract shall be covered by a separate work sheet.

(3) Where two or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as separate farming units, each separately operated tract shall be covered by a separate work sheet.

D. Persons Eligible to Make Application for Grant—(1) *Operators.*—An application for a grant as operator may be signed by (a) an owner operating a farming unit owned by him; (b) a share tenant operating a farming unit rented by him on shares; and such other persons as may be approved and designated as operators by the Secretary.

(2) *Owners.*—An application for a grant as owner may be signed by an owner who is not operating such land but has rented it to another on shares, and such other persons as may be approved and designated as owners by the Secretary.

E. *Application for Grant*.—Grants will be made only upon applications filed with the county committee. Each person applying for a grant will be required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant is to be made have been met. Any applicant who owns, operates, or controls land in more than one county in the same state may be required to file in the state office a list of all such land.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 20th day of March, 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

EXHIBIT 10.—1936 SOIL CONSERVATION PROGRAM—SOUTHERN REGION

[Bulletin No. 1]

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act,¹ payments will be made, in connection with the effectuation of the purposes of section 7 (a) of said act during 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

RATES AND CONDITIONS OF PAYMENT

Payment will be made, in connection with the utilization in 1936 of the land on any farm² in the *Southern Region*³ of the United States, in the amounts and subject to the conditions hereinafter set forth:

1. *Soil Building Payments*.—Payment will be made for the planting of soil building crops on crop land⁴ in 1936 and the carrying out of soil building practices on crop land or pasture in 1936, at such rates in any state, and for such crops and practices in any state, and upon such conditions as are recommended by the state committee for such state and approved by the Secretary: *Provided*, That the total soil building payment made with respect to any farm (a) shall not exceed an amount equal to \$1.00 for each acre of crop land on the farm used in 1936 for soil conserving crops and soil building crops, or (b) shall not exceed \$10.00 for the farm, whichever is the larger.

2. *Soil Conserving Payments*.—Payment will be made with respect to each acre of the base acreage for the farm of any soil depleting crop or any group of such crops which in 1936 is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice. The amount of such payment made with respect to any farm shall be computed as follows:

¹ Public No. 461, 74th Congress.

² The term "farm" as used herein shall mean all tracts of farm land in the same county under the same ownership and operated in 1936, as all or part of a single farming unit, by the same operator.

³ The "Southern Region" includes the States of South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Texas, and Oklahoma.

⁴ The term "crop land" as used herein shall mean all land from which any crop (other than wild hay) was harvested in 1935 together with all other farm land which is tillable and from which at least one crop (other than wild hay) has been harvested since January 1, 1930.

Soil depleting crop	Payment for each acre of the base acreage used in 1936 in the manner specified above	Maximum acreage with respect to which payment will be made
(a) All soil depleting crops except cotton, tobacco, peanuts, sugarcane for sugar, and rice.	An average for the United States of \$10 per acre, varying among states, counties, and individual farms as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States. ¹	15 percent of the base acreage for the farm of all soil depleting crops except cotton, tobacco, peanuts, sugarcane for sugar, and rice.
(b) Cotton-----	5¢ for each pound of the normal yield per acre of cotton for the farm.	35 percent of the cotton base acreage for the farm. ²
(c) Tobacco-----	For each pound of the normal yield per acre of tobacco for the farm at the following rates per pound of specified kinds of tobacco, as follows: (1) 5¢ for flue-cured or Burley. (2) 6¢ for Georgia-Florida type 62. (3) 3¢ for Georgia-Florida type 45, or any other kind of tobacco.	30 percent of the base acreage for the farm.
(d) Peanuts-----	1¼¢ for each pound of the normal yield per acre of peanuts for the farm.	20 percent of the base acreage for the farm.
(e) Sugarcane for sugar and rice.	Payments which will be made with respect to sugarcane for sugar and rice are set forth in sections 4 and 5.	

¹ The rate per acre will vary among the States and counties depending upon the productivity of crop land devoted to corn, wheat, oats, barley, rye, buckwheat, grain sorghum, soybeans, cow peas, dry edible beans, potatoes, sweet potatoes, sweet sorghum for syrup, and broom corn; and vary among farms within the county depending upon the productivity of crop land.

² The total payment made in any county pursuant to this provision will be made with respect to an acreage not exceeding 25 percent of the aggregate of the cotton base acreages which could be established for all the farms in the county.

3. *Minimum Acreage of Soil Conserving Crops.*—No payment shall be made with respect to any farm, in accordance with any of the provisions herein, unless the total acreage of soil conserving crops and soil building crops on crop land on the farm in 1936 equals or exceeds either (a) 20 percent of the base acreage of all soil depleting crops³ for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained pursuant to the provisions of section 2.

4. *Sugarcane for Sugar.*—Payment will be made with respect to any farm on which sugarcane for sugar is grown in 1936, in an amount for each acre of such crop grown on the farm in 1936 not in excess of the base acreage for sugarcane for sugar for the farm, equal to 12½ cents for each 100 pounds, raw value, of sugar recoverable from the normal yield per acre of sugarcane for sugar for the farm: *Provided*, There is grown on the farm in 1936 on crop land as well adapted to sugarcane as the land on the farm on which such crop is grown in 1936, an acreage of soil conserving crops or soil building crops, in addition to the acreage devoted to soil conserving or soil building crops or to soil conservation or building practices pursuant to the provision of any other section herein, equal to not less than 50 percent of the acreage of sugarcane for sugar grown on the farm in 1936.

5. *Rice.*—Payment will be made with respect to any farm on which rice is grown in 1936: *Provided*: (1) There is devoted by the producer in 1936 to approved soil conserving crops or practices, in addition to the acreage devoted to soil conserving or building crops or to soil conservation or building practices pursuant to the provisions of any other section herein, an acreage of rice land equal to not less than 20 percent of the rice base acreage of the producer, and (2) that no rice is planted by such producer in 1936 on land on which rice has been planted in any three years of the four-year period 1932 to 1935, inclusive. The amount of any such payment shall be computed as follows:

(a) In the event the acreage planted to rice by the producer in 1936 is equal to not less than 65 percent nor more than 80 percent of his rice base acreage, such payment will be made in the amount of 20 cents for each hundred pounds of the producer's domestic consumption quota of rice;

(b) In the event the acreage planted to rice by the producer in 1936 is less than 65 percent of his rice base acreage, such payment will be made at a rate which bears the same proportion to the rate specified in paragraph (a) above as the acreage of rice planted in 1936 bears to 65 percent of such rice base acreage;

(c) In the event the acreage planted to rice by the producer in 1936 is equal to more than 80 percent of the producer's rice base acreage, such payment will be made at a rate 5 percent less than the rate specified in paragraph (a) above for

³ Not including sugarcane for sugar or rice. Any payment made with respect to any farm on which any of these crops are grown in 1936 shall also be conditioned upon the provisions of sections 4 and 5.

each one percent by which such 1936 rice acreage exceeds 80 percent of such rice base acreage.

6. *Adjustment in Rates.*—The rates specified in sections 2, 4, and 5 are based upon an estimate of available funds and an estimate of approximately 30 percent participation by farmers. If participation in any region exceeds that estimated for that region, all the rates specified in sections 2, 4, and 5 for such region, will be reduced pro rata. If participation in any region is less than the estimate for the region, the rates may be increased pro rata. In no case will the rates be increased or decreased by more than 10 percent.

7. *Increases of Soil Depleting Crops.*—If the acreage on any farm in 1936 of any soil depleting crop or any group of soil depleting crops⁶ is in excess of the base acreage for the farm for such crop or group of crops, a deduction from any payment which otherwise would be made for the farm pursuant to any of the provisions herein will be made for each acre of such excess acreage at the rates per acre specified in section 2 above, for the diversion of land to soil conserving crops and soil building crops from the particular crop or group of crops which exceed their bases.

8. *Food and Feed Crops.*—Notwithstanding the provisions of section 2, no payment as therein specified will be made in connection with the shifting of land out of food and feed crops unless such crops have been produced in excess of home consumption needs for the farm, and, if such crops have been produced on the farm in excess of such needs, payment will be made only with respect to the diversion of all or part of such excess.

Notwithstanding the provisions of Section 7, no deduction will be made with respect to any food or feed crop grown in combination with a soil conserving crop or a soil building crop, unless such food and feed crops are grown in excess of the home consumption needs for the farm.

ESTABLISHMENT OF BASES

Southern Region

The county committees will recommend for approval by the Secretary a soil depleting base acreage for each farm. Such base acreage shall represent a normal acreage of soil depleting crops for the farm determined as indicated below:

SECTION 1. The base acreage of soil depleting crops shall be the acreage of such crops harvested in 1935,⁷ subject to the following adjustments:

(a) There shall be added to the 1935 acreage of soil depleting crops the number of "rented", "contracted", or "retired" acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935.

(b) Where, because of unusual weather conditions, the acreage of soil depleting crops harvested in 1935 was less than the number of acres of such crops usually harvested on the farm, such acreage shall be increased to the acreage which is comparable to the acreage of such crops harvested on such farm under normal conditions in past years.

(c) Where the 1935 acreage of soil depleting crops for any farm, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms.

SECTION 2. A county ratio of soil depleting crop acreage to all farm land will be established for each county by the Agricultural Adjustment Administration from available statistics. The average of the ratios of the soil depleting base acreages which are established for all farms in any county shall conform to the ratio for such county unless a variance from such ratio is recommended by the State Committee and approved by the Agricultural Adjustment Administration.

SECTION 3. A separate base acreage shall be established for each of the following crops: cotton, tobacco, peanuts, rice, and sugar cane for sugar.

A. *Cotton, tobacco, and peanuts.*—The base acreage for cotton, tobacco, and peanuts, respectively, for a farm shall be the base acreage which was established for such farm under the procedure for adjustment programs for 1936, or which

⁶ For the purposes of this section, sugarcane for sugar, and rice shall be included in the group of soil depleting crops, which includes all such crops except cotton, tobacco, peanuts, sugarcane for sugar, and rice.

⁷ Where more than one soil depleting crop was harvested from the same land in 1935, the acreage shall be counted only once.

could have been established under such procedure, subject to adjustments as indicated below:

(1) There shall be deducted from the 1935 acreage of any soil depleting crops other than cotton, tobacco, or peanuts, such part of the "rented" acreage under 1935 cotton, tobacco, or peanut adjustment program as was added to the usual acreage of such other soil depleting crops.

(2) If the total of the base acreages for any two or more of the crops cotton, tobacco, and peanuts on any farm exceeds the annual average of the total acreage of such crops harvested in a representative period preceding 1934, such base acreages shall be adjusted downward to eliminate such excess. Unless a more practicable method of adjustment is settled upon, a pro rata basis shall be used.

(3) Where the soil depleting acreages determined for any farm as indicated above differ materially from such acreages determined for farms located in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, adjustments will be made which will result in base acreages which are equitable as compared with the base acreages of such other similar farms.

The total base acreages for cotton, tobacco, and peanuts, respectively, for farms in any county or other specified area shall not exceed the base acreages for such crops established for such county or other specified area by the Agricultural Adjustment Administration.

B. Rice.—The base rice acreage for any farm for 1936 shall be the annual average rice acreage grown in the years 1929–1933, inclusive, by each producer participating in the production of rice on such farm in 1936, as allocated among such farm and any other farms whereon such producer participates in rice production in 1936: *Provided however,*

(1) If, because any producer did not grow rice in any one or more of the years 1929–1933, inclusive, such annual average acreage is materially less than the base acreage for other farms in the same community which are similar with respect to size, type of soil, farming practices and facilities for rice production, and which are operated by producers who did grow rice in all of the years 1929–1933, inclusive, the county committee shall recommend adjustments which will result in a base acreage which is equitable for such farm as compared with the base acreages for such other similar farms; and

(2) If, for the farm or farms on which a producer participates in the production of rice, such annual average acreage is materially greater than the bases for farms in the same community which are similar with respect to size, type of soil, farming practices and facilities for rice production, the county committee shall recommend such adjustment as will result in a base acreage for such farm or farms which is equitable as compared with the base acreage of such other similar farms.

The total base acreage for all farms in any specified area shall not exceed the total base acreage established for such area by the Agricultural Adjustment Administration.

The total of the base acreage for flax in any county or other specified area shall not exceed the base acreage of flax established for such county or other specified area by the Agricultural Adjustment Administration.

C. Sugarcane for sugar.—The county committees will recommend for approval by the Secretary a base acreage of sugarcane for sugar which is determined on the basis of the following and other available information to be an equitable base for the farm:

(1) The facilities, including land, for the production of sugarcane for sugar, and the past use of such facilities.

The total base acreage for 1936 for all farms in any specified district shall not exceed the acreage equivalent of the proportionate share, as determined by the Secretary, of the total quantity of production required to enable the producing area of which the specified district is a part, to meet its marketing quota as established by the Secretary under the provisions of the Jones-Costigan Act.

SECTION 4. Any person who has reason to believe that he has not received an equitable base may request the county committee to reconsider its recommendation. If no agreement is reached by such person and the committee, appeal may be made in accordance with rules prescribed by the Secretary.

CLASSIFICATION OF CROPS

Southern Region

Crop acreage when devoted to crops and used as indicated below shall be considered in the following classification except for such additions or modifications as may be approved by the Secretary upon the recommendation of the State Committee.

Changes in the use of land which involve the destruction of food, fibre, or feed grains will not be approved as either soil conserving or soil building uses of such land.

Soil Depleting Crops:

1. Corn (including broom corn and sweet corn).
2. Cotton.
3. Tobacco.
4. Irish potatoes.
5. Sweet potatoes.
6. Rice.
7. Sugarcane.
8. Commercial truck and canning crops, including melons and strawberries.
9. Peanuts, if harvested as nuts.
10. Grain sorghums, sweet sorghums, and millets.
11. Small grains, harvested for grain or hay (wheat, oats, barley, rye, and small grain mixtures).
12. Soybeans, if harvested for crushing.

Soil Conserving Crops:

1. *Annual winter legumes*, including vetch, winter peas, bur and crimson clover; *biennial legumes*, including sweet and alsike clover; *perennial legumes*, including alfalfa, kudzu, and sericea, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green; *summer legumes*, including soybeans, except when produced for seed for crushing, velvet beans, crotalaria, cowpeas, and annual varieties of *Lespedeza*.
2. *Peanuts*, when pastured.
3. *Perennial grasses*, including Dallis, redtop, orchard, Bermuda, carpet, or grass mixtures, and *Sudan grass*, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
4. *Winter Cover Crops*, including rye, barley, oats, and small grain mixtures, winter pastured or not, and turned as green manure; or if harvested and followed by summer legumes.
5. Crop acreage planted to forest trees since January 1, 1934.

Soil Building Crops:

1. *Annual winter legumes*, including vetch, winter peas, bur and crimson clover, turned under as a green manure crop.
2. *Biennial legumes*, including sweet and alsike clover; *perennial legumes*, including alfalfa, kudzu, sericea, and annual varieties of *Lespedeza*.
3. *Summer legumes*, including soybeans, velvet beans, crotalaria, and cowpeas, if forage is left on the land.
4. *Winter cover crops*, including rye, barley, oats, and small grain mixtures turned as green manure and followed in the summer by an approved soil conserving crop.
5. *Forest trees*, when planted on crop land in 1936.

Neutral Classification (not to be counted in establishing bases):

1. Vineyards, tree fruits, small fruits, or nut trees (not interplanted).⁸
2. Idle crop land.⁹
3. Cultivated fallow land, including clean cultivated orchards and vineyards.¹⁰
4. Wasteland, roads, lanes, lots, yards, etc.
5. Woodland, other than that planted at owner's expense since 1933.

FORMS

Southern Region

Attached hereto is the Work Sheet for the 1936 Soil Conservation Program. This form is to be prepared in triplicate. Instructions for the preparation for this Work Sheet will be issued as soon as possible. County Listing Sheets for the summarization of the data on the Work Sheet and instructions pertaining to the County Listing Sheets will be issued later.

State and County Code and Number -----

Form No. -----

U. S. Department of Agriculture
Agricultural Adjustment Administration
March 1936

⁸ If interplanted, such acreage shall carry the classification and actual acreage of the intercrop grown.

⁹ Where, due to unusual weather conditions, crop land was left idle in 1935, it may be reclassified upon the recommendation of the State Committee and approval of the Secretary.

¹⁰ Cultivated fallow land may be otherwise classified upon recommendation of the State Committee and approval of the Secretary.

1936 SOIL CONSERVATION PROGRAM

WORK SHEET—SOUTHERN REGION

SECTION I. -----, -----
 (Name of 1936 Operator) (Address)

-----, -----
 (Name of Owner) (Address)
 hereby submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date -----, 1936

 (Signature of owner or operator)
 SECTION II. This land is located -----
 (Miles and Direction)
 from ----- on -----
 (City or Town)
 Road in ----- (OR) described as the -----
 (Minor Civil Division)
 of section -----, Township -----,
 Range -----.

SECTION III. Utilization of Land.

Crop or land use	Base		Harvested 1935 (A)		Adjusted (B)	
	ac.	y/d.	ac.	y/d.	ac.	y/d.
1. Cotton.....						
2. Tobacco.....						
3. Peanuts.....						
4. Subtotal.....		xxx		xxx		xxx
5. Corn.....						
6. Wheat for grain.....						
7. Oats for grain.....						
8. Potatoes (Irish, sweet).....						
9. Cane for sugar.....						
10. Rice.....						
11.						
12. Truck and vegetables.....				xxx		xxx
13.				xxx		xxx
14. Subtotal.....				xxx		xxx
15. Small grains as green manure.....				xxx		xxx
16. Corn and legume.....				xxx		xxx
17. Peanuts (pastured).....				xxx		xxx
18. Winter legumes.....				xxx		xxx
19. Summer legumes.....				xxx		xxx
20.				xxx		xxx
21.				xxx		xxx
22.				xxx		xxx
23. Total cultivated.....				xxx		xxx
24. Orchards and vineyards.....				xxx		xxx
25. Fallow or idle.....				xxx		xxx
26. Foods, waste, roads, etc.....				xxx		xxx
27. Pasture and ranges.....				xxx		xxx
28. Wild hay.....				xxx		xxx
29.				xxx		xxx
30. Total.....				xxx		xxx

SECTION IV. *Base Acreage and Yield.*

	Prel. Adj.		Co. Comm. Adj.		Final Adj.	
	ac. (A)	yld. (B)	ac. (C)	yld. (D)	ac. (E)	yld. (F)
1. All soil depleting crops.....	-----	xxx	-----	xxx	-----	xxx
2. Cotton.....	-----	-----	-----	-----	-----	-----
3. Tobacco.....	-----	-----	-----	-----	-----	-----
4. Peanuts.....	-----	-----	-----	-----	-----	-----
5. Other soil depleting crops.....	-----	xxx	-----	xxx	-----	xxx

Number of other farms owner or operated in this county: By owner.....
by operator.....

Tenure:

Record References.....
(Cotton) (B. A.) (Tobacco)

(Peanuts) (Corn-Hog) (Wheat)
Date, 1936. Reviewed by

DIVISION OF PAYMENTS, LAND TO BE COVERED BY WORK SHEET, AND APPLICATION FOR GRANT

Southern Region

A. *Definitions.*—As used herein, the following terms shall have the following meanings:

(1) "Person" means an individual, partnership, association, or corporation.

(2) "Owner" means a person who actually owns land which is not rented to another for cash or a fixed commodity payment; persons who rent land from another for cash or for a fixed commodity payment; or who is purchasing land on installments for cash or for a fixed commodity payment.

(3) "Share tenant" means a person other than an owner or share cropper who is operating an entire farming unit without direct supervision of the owner and who is entitled to a portion of the crop produced on such farming unit, or the proceeds thereof.

(4) "Share cropper" means a person who works a farm in whole or in part and receives for his labor a proportionate share of the crops produced thereon, or the proceeds thereof.

(5) "Farming unit" means all land under the supervision of an operator which is farmed by that operator in 1936 as a single unit, with workstock, farm machinery, and labor substantially separate from that for any other land.

B. *Division of Soil Conserving and Soil Building Payments.*—(1) *Soil Conserving Payments.*—The soil conserving payment shall be divided as follows:

(a) 37½ percent to the producer who furnishes the land;

(b) 12½ percent to the producer who furnishes the workstock and equipment;

(c) 50 percent to be divided among the producers who are parties to the lease or operating agreement in the proportion that such producers are entitled to share in 1936 in those soil depleting crops, or the proceeds thereof, with respect to which the soil conserving payment is made.

(2) *Soil Building Payment.*—The soil building payment shall be made to the eligible producer who the county committee determines, under instructions issued by the Secretary, has incurred the expense in 1936 with respect to the soil building crop or practices; where two or more producers are thus determined by the county committee to have incurred the expenses in 1936 with respect to the soil building crop or practices, the soil building payment shall be divided equally between them.

Any share of soil conserving or soil building payments shall be computed without regard to questions of title under State law, without deductions of claims for advances, and without regard to any claim or lien against the crop or proceeds thereof in favor of the owner or any other creditor.

(3) *Sugar Cane for Sugar and Rice Payment.*—The above division of payments does not apply to payments made in connection with soil building crops and practices required under the provisions for sugarcane for sugar and rice. Such payments with respect to rice shall be divided in proportion to contributions to

the base. Such payments with respect to sugarcane shall be divided in accordance with the standards recommended by the State Committee and approved by the Secretary.

On farms in designated counties on which tobacco is the principal soil depleting crop, the soil conserving payments shall be divided among owners, share-tenants, and share-croppers in the same proportion as the principal soil depleting crop or the proceeds thereof are divided under their lease or agreement. The Regional Director, with the approval of the Secretary, shall designate the counties to which the provisions of this paragraph apply.

Upon recommendation of the State Committee and approval of the Secretary, a different basis for dividing the soil-conserving and soil-building payments may be employed.

C. Land to be Covered by Work Sheet.—Land comprising two or more contiguous tracts under the same ownership, operated in 1936 as part or all of a single farming unit by a common operator, and located in two or more counties, shall be deemed to be located in the county in which the principal dwelling on such land is located, or if there is no dwelling on such land, it shall be deemed to be located in the county in which the major portion of such land is located.

The purpose of the work sheet is to obtain a survey of farming conditions and practices, and to facilitate the planning of farming operations which include desirable soil conservation practices and the determination of bases from which grants will be measured.

(1) One or more tracts of farm land in the same county under the same ownership and operated in 1936 as part or all of a single farming unit by a common operator shall be covered by one work sheet.

(2) Where two or more tracts of farm land in the same county are under different ownerships, even though they are operated in 1936 as a single farming unit by a common operator, each separately owned tract shall be covered by a separate work sheet.

(3) Where two or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as separate farming units, each separately operated tract shall be covered by a separate work sheet.

D. Persons Eligible to Make Application for Grant.—(1) *Operators.*—An application for a grant as operator may be signed by (a) an owner operating a farming unit owned by him; (b) a share-tenant operating a farming unit rented by him on shares; and such other persons as may be approved and designated as operators by the Secretary.

(2) *Owners.*—An application for a grant as owner may be signed by an owner who is not operating such land but has rented it to another on shares, and such other persons as may be approved and designated as owners by the Secretary.

E. Application for Grant.—Grants will be made only upon applications filed with the county committee. Each person applying for a grant will be required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant is to be made have been met. Any applicant who owns, operates, or controls land in more than one county in the same state may be required to file in the state office a list of all such land.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 20th day of March, 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

EXHIBIT 11.—1936 SOIL CONSERVATION PROGRAM—WESTERN REGION

[Bulletin No. 1]

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act, payments will be made, in connection with the effectuation of the purposes of section 7 (a) of said act during 1936, in accordance with the following provisions and such other provisions as may hereafter be made:

RATES AND CONDITIONS OF PAYMENT

Payment will be made, in connection with the utilization in 1936 of the land on any farm ¹ in the Western Region ² of the United States, in the amounts and subject to the conditions hereinafter set forth:

1. *Soil Building Payments.*—Payment will be made for the planting of soil building crops on crop land ³ in 1936 and the carrying out of soil building practices on crop land or pasture in 1936, at such rates in any state, and for such crops and practices in any state, and upon such conditions as are recommended by the state committee for such state and approved by the Secretary: *Provided*, That the total soil building payment made with respect to any farm (a) shall not exceed an amount equal to \$1.00 for each acre of crop land on the farm used in 1936 for soil conserving crops and soil building crops, or (b) shall not exceed \$10.00 for the farm, whichever is the larger.

2. *Soil Conserving Payments.*—Payment will be made with respect to each acre of the base acreage for the farm of any soil depleting crop or any group of such crops which in 1936 is used for the production of any soil conserving crop or any soil building crop, or is devoted to any approved soil conservation or building practice. The amount of such payment made with respect to any farm shall be computed as follows:

Soil depleting crop	Payment for each acre of the base acreage used in 1936 in the manner specified above	Maximum acreage with respect to which payments will be made
(a) All soil depleting crops except cotton, tobacco, sugar beets, flax, and rice.	An average for the United States of \$10 per acre, varying among states, counties, and individual farms as the productivity of the crop land used for these crops varies from the average productivity of all such crop land in the United States. ¹	15 percent of the base acreage for the farm of all soil depleting crops except cotton, tobacco, sugar beets, flax, and rice.
(b) Cotton-----	5¢ for each pound of the normal yield per acre of cotton for the farm.	35 percent of the cotton base acreage for the farm. ²
(c) Tobacco-----	For each pound of the normal yield per acre of tobacco for the farm at the following rates per pound of specified kinds of tobacco, as follows: (1) 5¢ for Burley. (2) 3¢ for any other kind of tobacco.	30 percent of the base acreage for the farm.
(d) Sugar beets, flax, and rice.	Payments which will be made with respect to sugar beets, flax, and rice are set forth in section 4, 5, and 6.	

¹ The rate per acre will vary among the states and counties depending upon the productivity of crop land devoted to corn, wheat, oats, barley, rye, buckwheat, grain sorghums, soybeans, cow peas, dry edible beans, potatoes, sweet potatoes, sweet sorghum for syrup, and broom corn; and vary among farms within the county depending upon the productivity of crop land.

² The total payment made in any county pursuant to this provision will be made with respect to an acreage not exceeding 25 percent of the aggregate of the cotton base acreages which could be established for all the farms in the county.

3. *Minimum Acreage of Soil Conserving Crops.*—No payment shall be made with respect to any farm, in accordance with any of the provisions herein, unless the total acreage of soil conserving crops and soil building crops on crop land on the farm in 1936 equals or exceeds either (a) 20 percent of the base acreages of all soil depleting crops ⁴ for the farm, or (b) the maximum acreage with respect to which soil conserving payment could be obtained pursuant to the provisions of section 2.

4. *Sugar Beets.*—Payment will be made with respect to any farm on which sugar beets are grown in 1936, in an amount for each acre of such crop grown on the farm in 1936, not in excess of the base acreage for sugar beets for the farm, equal to 12½ cents for each 100 pounds, raw value, of sugar recoverable from the normal yield per acre of sugar beets for the farm: *Provided*, there is grown on the farm in 1936 on crop land as well adapted to sugar beets as the land on the farm on which such crop is grown in 1936, an acreage of soil conserving crops or soil building crops, in addition to the acreage devoted to soil conserving or soil

¹ The term "farm" as used herein shall mean all tracts of farm land in same county under the same ownership and operated in 1936, as all or part of a single farming unit, by the same operator.

² The "Western Region" includes the states of North Dakota, Kansas, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, and California.

³ The term "crop land" as used herein shall mean all land from which any crop (other than wild hay) was harvested in 1935 together with all other farm land which is tillable and from which at least one crop (other than wild hay) has been harvested since January 1, 1930.

⁴ Not including sugar beets, flax, or rice. Any payment made with respect to any farm on which any of these crops are grown in 1936 shall also be conditioned upon the provisions of sections 4, 5, and 6.

building crops or to soil conservation or building practices pursuant to the provision of any other section herein, equal to not less than 50 percent of the acreage of sugar beets grown on the farm in 1936.

5. *Flax*.—Payment will be made with respect to any farm on which flax is grown in 1936, in an amount for each acre of flax grown on the farm in 1936, not in excess of the base acreage for flax for the farm, equal to 20 cents per bushel of the normal yield per acre of flax for the farm: *Provided*, There is grown on the farm in 1936, on crop land as well adapted to flax as the land on the farm on which flax is grown in 1936, an acreage of soil conserving crops or soil building crops, in addition to the acreage devoted to such crops or to soil conservation or building practices pursuant to the provisions of any other section herein, equal to not less than 20 percent of the acreage of flax grown on the farm in 1936.

6. *Rice*.—Payment will be made with respect to any farm on which rice is grown in 1936: *Provided*: (1) There is devoted by the producer in 1936 to approved soil conserving crops or practices, in addition to the acreage devoted to soil conserving or building crops or to soil conservation or building practices pursuant to the provisions of any other section herein, an acreage of rice land equal to not less than 20 percent of the rice base acreage of the producer, and (2) That no rice is planted by such producer in 1936 on land on which rice has been planted in any three years of the four-year period 1932 to 1935, inclusive. The amount of any such payment shall be computed as follows:

(a) In the event the acreage planted to rice by the producer in 1936 is equal to not less than 65 percent nor more than 80 percent of his rice base acreage, such payment will be made in the amount of 20 cents for each hundred pounds of the producer's domestic consumption quota of rice;

(b) In the event the acreage planted to rice by the producer in 1936 is less than 65 percent of his rice base acreage, such payment will be made at a rate which bears the same proportion to the rate specified in paragraph (a) above as the acreage of rice planted in 1936 bears to 65 percent of such rice base acreage;

(c) In the event the acreage planted to rice by the producer in 1936 is equal to more than 80 percent of the producer's rice base acreage, such payment will be made at a rate 5 percent less than the rate specified in paragraph (a) above for each 1 percent by which such 1936 rice acreage exceeds 80 percent of such rice base acreage.

7. *Adjustment in Rates*.—The rates specified in sections 2, 4, 5, and 6 are based upon an estimate of available funds and an estimate of approximately 80 percent participation by farmers. If participation in any region exceeds that estimated for that region, all the rates specified in sections 2, 4, 5 and 6 for such region, will be reduced pro rata. If participation in any region is less than the estimate for the region, the rates may be increased pro rata. In no case will the rates be increased or decreased by more than 10 percent.

8. *Increase of Soil Depleting Crops*.—If the acreage on any farm in 1936 of any soil depleting crop or any group of soil depleting crops ⁵ is in excess of the base acreage for the farm for such crop or group of crops, a deduction from any payment which otherwise would be made for the farm pursuant to any of the provisions herein will be made for each acre of such excess acreage at the rates per acre specified in section 2 above, for the diversion of land to soil conserving crops and soil building crops from the particular crop or group of crops which exceed their bases.

ESTABLISHMENT OF BASES

Western Region

The county committees will recommend for approval by the Secretary a soil depleting base acreage for each farm. Such base acreage shall represent a normal acreage of soil depleting crops for the farm determined as indicated below:

SECTION 1. The base acreage of soil depleting crops shall be the acreage of such crops harvested in 1935,⁶ subject to the following adjustments:

⁵ For the purposes of this section, sugar beets, sugarcane for sugar, flax, and rice shall be included in the group of soil depleting crops, which includes all such crops except cotton, tobacco, peanuts, sugar beets, sugarcane for sugar, flax, and rice.

⁶ Where more than one soil depleting crop was harvested from the same land in 1935, the acreage shall be counted only once.

(a) There shall be added to the 1935 acreage of soil depleting crops the number of "rented", "contracted", or "retired" acres under 1935 commodity adjustment programs from which no soil depleting crops were harvested in 1935.

(b) Where, because of unusual weather conditions, the acreage of soil depleting crops harvested in 1935 was less than the number of acres of such crops usually harvested on the farm, such acreage shall be increased to the acreage which is comparable to the acreage of such crops harvested on such farms under normal conditions in past years.

(c) Where the 1935 acreage of soil depleting crops for any farm, adjusted, if necessary, as indicated above, is materially greater or less than such acreage on farms in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, such adjustment shall be made as will result in a base acreage for such farm which is equitable as compared with the base acreage for such other similar farms.

SECTION 2. A county ratio of soil depleting crop acreage to all farm land will be established for each county by the Agricultural Adjustment Administration from available statistics. The average of the ratios of the soil depleting base acreages which are established for all farms in any county shall conform to the ratio for such county unless a variance from such ratio is recommended by the State Committee and approved by the Agricultural Adjustment Administration.

SECTION 3. A separate base acreage shall be established for each of the following crops: cotton, tobacco, flax, rice, and sugarbeets.

A. *Cotton and Tobacco*.—The base acreage for cotton and tobacco, respectively, for a farm shall be the base acreage which was established for such farm under the procedure for adjustment programs for 1936, or which could have been established under such procedure, subject to adjustments as indicated below:

(1) There shall be deducted from the 1935 acreage of any soil depleting crops other than cotton or tobacco, such part of the "rented" acreage under 1935 cotton or tobacco adjustment program as was added to the usual acreage of such other soil depleting crops.

(2) If the total of the base acreages for the crops cotton and tobacco on any farm exceeds the annual average of the total acreage of such crops harvested in a representative period preceding 1934, such base acreages shall be adjusted downward to eliminate such excess. Unless a more practicable method of adjustment is settled upon, a pro rata basis shall be used.

(3) Where the soil depleting acreages determined for any farm as indicated above differ materially from such acreages determined for farms located in the same community which are similar with respect to size, type of soil, topography, production facilities, and farming practices, adjustments will be made which will result in base acreages which are equitable as compared with the base acreages of such other similar farms.

The total base acreages for cotton and tobacco, respectively, for farms in any county or other specified area shall not exceed the base acreages for such crops established for such county or other specified area by the Agricultural Adjustment Administration.

B. *Rice*.—The base rice acreage for any farm for 1936 shall be the annual average rice acreage grown in the years 1929–1933, inclusive, by each producer participating in the production of rice on such farm in 1936, as allocated among such farm and any other farms whereon such producer participates in rice production in 1936: *Provided, however*,

(1) If, because any producer did not grow rice in any one or more of the years 1929–1933, inclusive, such annual average acreage is materially less than the base acreage for other farms in the same community which are similar with respect to size, type of soil, farming practices, and facilities for rice production, and which are operated by producers who did grow rice in all of the years 1929–1933, inclusive, the county committee shall recommend adjustments which will result in a base acreage which is equitable for the farm as compared with the base acreages for such other similar farms; and

(2) If, for the farm or farms on which a producer participates in the production of rice, such annual average acreage is materially greater than the bases for farms in the same community which are similar with respect to size, type of soil, farming practices, and facilities for rice production, the county committee shall recommend such adjustment as will result in a base acreage for such farm or farms which is equitable as compared with the base acreage of such other similar farms.

The total base acreage for all farms in any specified area shall not exceed the total base acreage established for such area by the Agricultural Adjustment Administration.

C. *Flax*.—The county committee shall, in accordance with instructions issued by the Secretary, recommend for each farm a base acreage for flax which it deter-

mines to be equitable, based upon the farming plans made with respect to flax and the ability of the operator to provide the facilities other than land required for the production of flax.

The total of the base acreage for flax in any county or other specified area shall not exceed the base acreage of flax established for such county or other specified area by the Agricultural Adjustment Administration.

D. Sugar Beets.—The county committees will recommend for approval by the Secretary a base acreage of sugar beets which is determined on the basis of the following and other available information to be an equitable base for the farm:

(1) The base which has been or could have been established for the farm pursuant to the Secretary's announcement of November 25, 1935.

(2) The facilities, including land, for the production of sugar beets and the past use of such facilities.

The total base acreage for 1936 for all farms in any specified district shall not exceed the acreage equivalent of the proportionate share, as determined by the Secretary, of the total quantity of production required to enable the producing area of which the specified district is a part, to meet its marketing quota as established by the Secretary under the provisions of the Jones-Costigan Act.

SECTION 4. Any person who has reason to believe that he has not received an equitable base may request the county committee to reconsider its recommendation. If no agreement is reached by such person and the committee, appeal may be made in accordance with rules prescribed by the Secretary.

CLASSIFICATION OF CROPS

Western Region

Crop acreage when devoted to crops and used as indicated below shall be considered in the following classification except for such additions or modifications as may be approved by the Secretary upon the recommendation of the State Committee.

Changes in the use of land which involve the destruction of food, fibre, or feed grains will not be approved as either soil conserving or soil building uses of such land.

Soil Depleting Crops:

1. Corn (field, sweet, broom, and popcorn).
2. Cotton.
3. Tobacco.
4. Irish potatoes.
5. Sweet potatoes.
6. Rice.
7. Sugar beets.
8. Hemp.
9. Commercial truck and canning crops, melons, and strawberries.
10. Peanuts, if harvested as nuts.
11. Grain sorghums and sweet sorghums.
12. Small grains, harvested for grain or hay (wheat, oats, barley, rye, buckwheat, flax, emmer, speltz, and grain mixtures).
13. Annual grasses, harvested for hay or seed (Sudan and millets).
14. Summer legumes, harvested for grain or hay (soybeans, field beans, cow-peas, and field peas).

Soil-Conserving Crops:

1. *Annual legumes*, including vetch, winter peas, bur and crimson clover; *biennial legumes*, including sweet, red, alsike, and Mammoth clovers; *perennial legumes*, including alfalfa, sericea, and white clover; and *Annual Lespedeza*, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
2. *Perennial grasses*, including blue grass, Dallis, timothy, redtop, orchard, Bermuda, brome, crested and slender wheat grass, or grass mixtures, with or without such nurse crops as rye, oats, wheat, barley, or grain mixtures, when such nurse crops are pastured or clipped green.
3. *Winter cover crops* including rye, barley, oats, and small grain mixtures, winter pastured or not, and turned under as green manure.
4. Crop acreage planted to forest trees since January 1, 1934.

Soil-Building Crops:

1. *Annual winter legumes*, including vetch, winter peas, bur and crimson clover, when turned under as a green manure crop.

2. Biennial legumes, including sweet, red, alsike, and Mammoth clovers; *perennial legumes*, including alfalfa, sericea, and white clover; and annual varieties of *Lespedeza*.

3. *Summer legumes*, including soybeans, field beans, field peas, and cowpeas, when turned under as a green manure crop.

4. *Forest trees*, when planted on crop land.

Neutral Classification (not to be counted in establishing bases):

1. Vineyards, tree fruits, small fruits, or nut trees (not interplanted).

2. Idle cropland.⁷

3. Cultivated fallow land, including clean cultivated orchards and vineyards.⁸

4. Wasteland, roads, lanes, lots, yards, etc.

5. Woodland, other than that planted at owner's expense since 1933.

FORMS

Western Region

Attached hereto is the Work Sheet for the 1936 Soil Conservation Program. This form is to be prepared in triplicate. Instructions for the preparation for this Work Sheet will be issued as soon as possible. County Listing Sheets for the summarization of the data on the Work Sheet and instructions pertaining to the County Listing Sheets will be issued later.

State and County Code and Number _____

Form No. _____

U. S. Department of Agriculture
Agricultural Adjustment Administration
March 1936

1936 SOIL CONSERVATION PROGRAM

WORK SHEET—WESTERN REGION "A"

SECTION I. _____,
(Name of 1936 operator) (Address)

(Name of owner) (Address)

submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date _____, 1936.

(Signature of owner or operator)

SECTION II. Land is located _____
(Miles and direction)

from _____ on _____ Road,
(Town)

in _____ Township; OR Legal description

_____ in _____

County, State of _____

SECTION III.—Utilization of Land.

⁷ Where, due to unusual weather conditions cropland was left idle in 1935, it may be reclassified upon the approval of the State Committee and the approval of the Secretary.

⁸ Cultivated fallow land may be otherwise classified upon recommendation of the State Committee and approval of the Secretary.

Crop or land use	1935	Adjusted
	A	B
1. Corn.....		
2. Winter Wheat.....		
3. Spring Wheat.....		
4. Oats for grain.....		
5. Barley.....		
6. Rye for grain.....		
7. Flax.....		
8. Sugar Beets for sugar.....		
9. Potatoes.....		
10. Grains cut for hay.....		
11.		
12.		
13.		
14. Truck and Vegetable Crops.....		
15.		
16. Alfalfa.....		
17. Sweet clover.....		
18. Clover and Timothy.....		
19. Other tame Hay.....		
20.		
21.		
22.		
23.		
24.		
25.		
26. Orchards and Vineyards.....		
27.		
28. Total Crop Acreage.....		

SECTION IV. Distribution of Farm Acreage.

1. Total acreage all land.....	
2. Roads, lanes, fences, lots, etc.....	
3. Woods, waste, etc.....	
4. Pasture and range land.....	
5. Wild hay.....	
6. Subtotal (Items 2 to 5 Incl.).....	
7. Total crop acreage.....	

SECTION V. Former A. A. A. Contracts.

Commodity	Serial No.	Base		
		Years	Acres	Yield
1.				
2.				
3.				

SECTION VI. Yield of Major Crops on Land.

Crop	Yield per acre		
	Reported	Adjusted	Final
1.			
2.			
3.			

1. Soil-Depleting Crops			Acres
(a)	(Name of crop)	(Acres)	(Allotment)
(b)	(Name of crop)	(Acres)	(Allotment)

2. Soil-Conserving Crops----- Acres

Date _____, 1936. Reviewed by _____

State and County Code and Number_____

Form No. _____

U. S. Department of Agriculture
Agricultural Adjustment Administration
March 1936

1936 SOIL CONSERVATION PROGRAM

WORK SHEET—WESTERN REGION "B"

SECTION I. _____, _____
(Name of 1936 operator) (Address)

(Name of owner) _____, _____ (Address)

submits information with respect to the land described below for consideration by the County Agricultural Adjustment Association. Nothing contained herein shall place any obligation upon any person.

Date _____, 1936.

(Signature of owner or operator.)

SECTION II. Land is located ----- from
(Miles and direction)

----- on ----- Road, in -----
(Town)

----- Township; OR Legal description: -----
-----, in ----- County, State of -----

SECTION III. Utilization of Land.

Crop or land use	1935	Adjusted
	A	B
1. Corn.....		
2. Wheat.....		
3. Cotton.....		
4. Oats for grain.....		
5. Barley.....		
6. Rice.....		
7. Flax.....		
8. Sugar Beets for sugar.....		
9. Potatoes (Irish & Sweet).....		
10. Grains cut for hay.....		
11.		
12.		
13.		
14. Truck & Vegetable Crops.....		
15.		
16. Alfalfa.....		
17. Clover and Timothy.....		
18. Other Tame Hay.....		
19.		
20.		
21.		
22.		
23.		
24.		
25. Vineyards.....		
26. Orchards & Small Fruits.....		
27.		
28. Total Crop Acreage.....		

SECTION IV. Distribution of Farm Acreage.

1. Total acreage, all land.....	
2. Roads, lanes, fences, lots, etc.....	
3. Woods, waste, etc.....	
4. Pasture and range land.....	
5. Wild hay.....	
6. Subtotal (Items 2 to 5, Incl.).....	
7. Total crop acreage.....	

SECTION V. Former A. A. A. Contracts.

Commodity	Serial No.	Base		
		Years	Acres	Yield
1.				
2.				
3.				

SECTION VI. Yield of Major Crops on Land.

Crop	Yield per acre		
	Reported	Adjusted	Final
1.			
2.			
3.			

SECTION VII. Base Acreage.

1. Soil Depleting Crops-----	Acres		
(a) -----	(Name of crop)	(Acres)	(Allotment)
(b) -----	(Name of crop)	(Acres)	(Allotment)
2. Soil Conserving Crops-----	Acres		
Date -----, 1936. Reviewed by -----			

DIVISION OF PAYMENTS, LAND TO BE COVERED BY WORK SHEET, AND APPLICATION FOR GRANT

Western Region

A. *Definitions.*—As used herein, the following terms shall have the following meanings:

(1) "Person" means an individual, partnership, association, or corporation.
 (2) "Owner" means a person who owns land which is not rented to another for cash or for a fixed commodity payment, or who rents land from another for cash or for a fixed commodity payment, or who is purchasing land on installments for cash or for a fixed commodity payment.

(3) "Share tenant" means a person other than an owner or share-cropper who is operating an entire farming unit without direct supervision of the owner and who is entitled to a portion of the crop produced on such farming unit, or the proceeds thereof.

(4) "Share cropper" means a person who works a farm in whole or in part and receives for his labor a proportionate share of the crops produced thereon, or the proceeds thereof.

(5) "Farming unit" means all land under the supervision of an operator which is farmed by that operator in 1936 as a single unit, with workstock, farm machinery, and labor substantially separate from that for any other land.

(6) "Principal soil depleting crop" means the soil depleting crop to which the greatest number of acres is devoted on the land for which a worksheet is executed in 1936. If there is no soil depleting crop which has a larger acreage than any other soil depleting crop on any land for which a worksheet is executed, the "principal soil depleting crop" shall be the soil depleting crop on such land which is of major importance in terms of acreage in the county in which such land is located. Upon recommendation by the State Committee and approval by the Secretary a different basis for determining the principal soil depleting crop may be employed.

B. *Soil Conserving and Soil Building Payments.*—Both the soil conserving and soil building payments shall be divided between the owner and share-tenant in the same proportion as the principal soil depleting crop or the proceeds thereof is divided under their lease or operating agreement except that in counties in which cotton constitutes the principal soil depleting crop and in such other counties as may be designated by the Secretary, the soil conserving payment and the soil building payment shall be divided as follows:

(1) *Soil Conserving Payment.*—

(a) 37½ percent to the producer who furnishes the land.

(b) 12½ percent to the producer who furnishes the workstock and equipment.

(c) 50 percent to be divided among the producers who are parties to the lease or operating agreement in the proportion that such producers are entitled to share in the principal soil depleting crop or the proceeds thereof in 1936.

(2) *Soil Building Payment.*—If a farm is operated under a crop share lease or agreement, the soil building payment shall be divided equally between the owner and the share tenant unless a different division agreed upon and indicated in the application for a grant.

Any share of soil conserving or soil building payments shall be computed without regard to questions of title under State law, without deductions of claims for advances, and without regard to any claim or lien against the crop or proceeds thereof in favor of the owner or any other creditor.

(3) *Payments with respect to Sugar beets and Rice.*—The above division of payments does not apply to payments made in connection with soil building crops and practices required under the provisions for sugar beets and rice. Such payments with respect to rice shall be divided in proportion to contributions to the base. Upon recommendation by the State Committee and approval by the Secretary a different basis for dividing the soil conserving and soil building payments may be employed where sugar beets constitute a soil depleting crop.

C. *Land to be Covered by Work Sheet.*—Land comprising two or more contiguous tracts under the same ownership, operated in 1936 as part or all of a single farming unit by a common operator, and located in two or more counties, shall be deemed to be located in the county in which the principal dwelling on such land is located, or, if there is no dwelling on such land, it shall be deemed to be located in the county in which the major portion of such land is located.

The purpose of the work sheet is to obtain a survey of farming conditions and practices, and to facilitate the planning of farming operations which include desirable soil conservation practices and the determination of bases from which grants will be measured.

(1) One or more tracts of farm land in the same county under the same ownership and operated in 1936 as part or all of a single farming unit by a common operator shall be covered by one work sheet.

(2) Where two or more tracts of farm land in the same county are under different ownerships, even though they are operated in 1936 as a single farming unit by a common operator, each separately owned tract shall be covered by a separate work sheet.

(3) Where two or more tracts of farm land in the same county are under the same ownership and are operated in 1936 as separate farming units, each separately operated tract shall be covered by a separate work sheet.

D. *Persons Eligible to Make Application for Grant.*—(1) *Operators.*—An application for a grant as operator may be made by (a) an owner operating a farming unit owned by him; (b) a share tenant operating a farming unit rented by him on shares; and such other persons as may be designated as operators by the Secretary.

(2) *Owners.*—An application for a grant as owner may be made by an owner who is not operating the land with respect to which the application is made but who has rented such land to another on shares, and such other persons as may be designated as owners by the Secretary.

E. *Application for Grant.*—Grants will be made only upon applications filed with the county committee. Each person applying for a grant will be required to show: (1) that work sheets had been executed covering all the land in the county owned, operated, or controlled by him; (2) the extent to which the conditions upon which the grant is to be made have been met. Any applicant who owns, operates, or controls land in more than one county in the same state may be required to file in the state office a list of all such land.

In testimony whereof, H. A. Wallace, Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the city of Washington, District of Columbia, this 20th day of March 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

State	Work sheets filled	Applications for grants		Acreages diverted for payment						Allotments			
		No.	Cropland covered	General	Cotton	Tobacco			Peanuts	Total	Sugar	Rice	Flax
						Burley	Flue-cured	Other					
Alabama	No. 143,000	131,000	6,557,000	Aeres 4,000	Aeres 944,000	Aeres	Aeres 39,000	Aeres 987,000	Tons	Bushels	Bushels		
Arizona	4,068	2,220	331,108	33,300	37,300			91,200					10,000
Arkansas	120,000	105,000	7,222,000	39,000	900,000			939,000		5,500,000			
California	47,781	21,014	2,332,000	173,000	8,590					1,667,000			
Colorado	35,399	31,000	5,200,000	567,000				567,000		80,000			200,000
Connecticut	4,602	3,552	160,600	3,300				6,800		252,000			
Delaware	3,212	2,966	265,000	21,200				3,500					
Florida	23,500	21,600	1,386,000	18,000	37,000	1,300	6,700	850	14,000				
Georgia	111,000	105,000	8,500,000	3,500	909,000	12,000	53,700	600					
Idaho	22,636	18,400	2,400,000	130,000					130,000	71,000			
Illinois	295,000	115,000	11,940,000	300		2,500		100	1,090,300	598			
Indiana	295,000	102,000	8,036,000	680,000					682,600	5,610			45,794
Iowa	294,000	165,000	16,567,000	1,630,000	300				1,630,000	2,693			70,000
Kansas	116,838	97,000	16,100,000	2,060,000		90			2,000,300	2,560			
Kentucky	121,965	108,000	7,958,000	345,800	6,800	92,500		34,300	479,200				
Louisiana	66,000	62,200	4,000,000	9,800	402,000				402,800	212,000	12,055,500		
Maine	9,228	6,585	440,700	6,800					9,800				
Maryland	14,513	13,400	1,345,300	66,200					69,200				
Massachusetts	6,224	3,000	1,135,400	2,600				3,000	4,000				
Michigan	211,000	104,000	6,134,000	300,000				1,400	300,000	68,811			102,804
Minnesota	196,000	130,000	13,252,000	1,200,000				200	1,200,200	29,768			4,728,972
Mississippi	90,000	84,000	6,830,000		994,000				994,000				
Missouri	284,000	151,000	10,002,000	1,140,000	95,700	1,500			1,237,200				2,804
Montana	40,912	37,000	7,920,000	669,700					669,700	94,800			50,500
Nebraska	164,000	98,000	14,640,000	1,470,000					1,470,000	26,654			19,626
Nevada	1,606	1,258	224,152	6,700					6,700				
New Hampshire	3,951	2,763	132,400	1,700					1,700				
New Jersey	4,781	3,800	280,100	11,300					11,300				
New Mexico	15,537	12,800	1,610,000	202,000	38,000				240,000	100			
New York	42,687	33,550	2,918,500	127,900					128,100				
North Carolina	129,561	109,167	5,360,000	63,200	300,500	2,100	19,100	200	611,000				
North Dakota	113,152	111,000	21,200,000	2,350,000					2,350,000				3,900,000

EXHIBIT 12.—DIVERSION AND ALLOTMENT DATA (PRELIMINARY ESTIMATES), 1936 AGRICULTURAL CONSERVATION PROGRAM BY STATES—
Continued

State	Work sheets filed	Applications for grants		Acreages diverted for payment						Allotments			
		No.	Cropland covered	General	Cotton	Tobacco			Peanuts	Total	Sugar	Rice	Flax
	No.		Acres	Acres	Acres	Burley	Flue-cured	Other	Acres	Acres	Tons	Bushels	Bushels
Ohio.....	262,000	113,000	7,583,000	480,000	—	3,000	—	3,500	—	486,500	24,720	—	—
Oklahoma.....	115,000	99,000	10,600,000	796,000	936,000	—	—	—	—	1,707,900	—	—	—
Oregon.....	22,042	11,620	1,700,000	193,700	—	—	—	—	—	193,700	372	—	20,350
Pennsylvania.....	41,711	38,100	2,626,600	111,600	—	—	—	6,600	—	118,200	—	—	—
Rhode Island.....	3,806	142	8,500	111,200	—	—	—	—	—	200	—	—	—
South Carolina.....	81,300	74,000	4,706,000	5,400	539,000	—	—	—	—	560,100	—	—	—
South Dakota.....	117,000	88,000	14,735,000	1,860,000	—	—	15,000	—	700	1,860,000	—	—	—
Tennessee.....	93,607	88,450	6,248,300	246,700	312,300	16,700	—	18,900	1,000	1,595,600	11,070	—	377,570
Texas.....	232,600	205,000	25,000,000	962,000	3,408,000	—	1,300	—	22,800	4,394,100	—	6,610,000	—
Utah.....	16,194	16,000	973,000	82,000	—	—	—	—	—	82,000	69,000	—	—
Vermont.....	6,757	5,696	399,200	7,000	—	—	—	—	—	7,000	—	—	—
Virginia.....	55,053	46,219	3,096,600	112,400	18,500	1,900	13,700	6,600	14,000	167,100	—	—	—
Washington.....	20,500	15,050	2,778,034	181,850	—	—	—	—	—	181,850	1,650	—	1,775
West Virginia.....	22,320	15,626	699,300	37,100	—	1,000	—	—	—	38,100	—	—	—
Wisconsin.....	191,000	152,000	9,989,000	670,000	—	—	—	3,200	—	673,200	2,319	—	16,355
Wyoming.....	7,043	6,720	1,000,000	88,800	—	—	—	—	—	88,800	73,000	—	—
Total.....	4,204,056	2,969,398	283,571,954	20,367,150	9,997,300	121,290	179,400	82,950	162,900	30,910,990	1,056,735	25,832,500	9,578,050

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

Washington, D. C.

In "Agricultural Conservation, 1936", a report of the activities of the Agricultural Adjustment Administration, a clerical error occurs in Exhibit 13, "Acreages on which soil-building practices were carried out under the 1936 agricultural conservation program, by States (Preliminary estimates).

In the column on page 195 headed "Legumes alone or in mixtures", under the main column heading "New Seedings", the figure for New York State should be 219,000 acres instead of 119,000 acres. This error is reflected in totals as follows: Under the column headed "Total acreage on which practices were carried out" (last column on page 195) the New York State total should be 683,640 instead of 583,640; under the column headed "Legumes alone or in mixtures" on page 196 the total should be 33,678,157 acres instead of 33,578,157; under the column "Total acreage on which practices were carried out" on page 196 the total should read 53,112,618 instead of 53,012,618.

EXHIBIT 13.—ACREAGES ON WHICH SOIL-BUILDING PRACTICES WERE CARRIED OUT UNDER THE 1936 AGRICULTURAL CONSERVATION PROGRAM BY STATES (PRELIMINARY ESTIMATES)

State	New seedlings			Limestone, superphosphate or other chemical applications ¹	Orchard improvement	Forest trees planted	Mechanical erosion controls		Miscellaneous practices	Total acreage on which practices were carried out ²
	Legumes alone or in mixtures	Pasture establishment	Green manure crops				Terracing	Contour farming, protected summer fallow, etc.		
Alabama	1,326,000	21,000	Acres 178,000	Acres 52,000		Acres 500	Acres 134,000	Acres 33,840	Acres 800	Acres 1,712,300
Arizona	38,767		7,907				2,840		608	83,962
Arkansas	980,000	46,400	88,500	2,800		100	35,000		13,500	1,166,300
California	104,715	12,159	165,555			83	35,702	515,490	2,064	800,768
Colorado	233,304	4,312	64,035			88	507	195,441		497,657
Connecticut	7,500		10,500	28,000		30				46,030
Delaware	53,200		17,400	5,300			300			76,200
Florida	53,000	1,600	335,500	43,000		900	6,000		116,000	556,000
Georgia	1,231,000	8,600	103,000	2,100		4,200	44,000	12,000	4,700	1,457,600
Idaho	200,000		63,000			200				275,200
Illinois	2,028,400	109,860	212,175	240,825	55	35				2,591,350
Indiana	1,673,058	22,664	72,419	123,491	18	18				1,891,650
Iowa	3,447,000	7,251	42,244	140,654	16	281		168,109		3,637,446
Kansas	546,134	38,230	309,211	5,274		1,009	6,104			1,074,071
Kentucky	1,415,700	547,500	128,700	474,800		300	7,500			2,574,500
Louisiana	710,500	23,800	153,500	1,200	235	600	9,400		700	899,700
Maine	61,400		3,600	37,000		16				102,251
Maryland	299,500	7,800	32,700	88,800						428,800
Massachusetts	4,500		6,100	31,000	1,100	50				42,750
Michigan	1,120,028	861	11,368	89,872	10,184	94				1,232,407
Minnesota	1,993,656	43,431	13,471	17,812	17	1,316				2,075,703
Mississippi	1,290,000	10,000	295,500	4,000		1,600	28,000		800	1,570,500
Missouri	1,623,800	166,908	272,273	100,401	20	24	9,219			1,972,738
Montana	246,301	41,511	279,934			126	81	466,916	6,362	1,041,231
Nebraska	1,073,149	89,376	912	178		1,259	1,012	30,800		1,196,716
Nevada	17,997	735	540					1,405	815	21,522
New Hampshire	12,550		525	18,000	200	83				31,358
New Jersey	29,500		69,500	51,000	725	50				150,775
New Mexico	38,802		177,351				3,085	10		219,248
New York	119,000	2,750	38,000	400,000	23,000	850			10	583,640
North Carolina	426,400	16,900	532,300	42,290		400	27,000			1,045,200
North Dakota	1,500,000		1,000,000			2,000		801,000		3,302,000

¹ Used in the improvement of and establishment of grasses and legumes.

² Excluding practices carried out on range land.

³ Includes 800 acres subsoiled in North Carolina, 200 acres in Virginia.

EXHIBIT 13.—ACREAGES ON WHICH SOIL-BUILDING PRACTICES WERE CARRIED OUT UNDER THE 1936 AGRICULTURAL CONSERVATION PROGRAM BY STATES (PRELIMINARY ESTIMATES)—Continued

State	New seedings			Limestone, superphosphate or other chemical applications	Orchard improvement	Forest trees planted	Mechanical erosion controls		Miscellaneous practices	Total acreage on which practices were carried out
	Legumes alone or in mixtures	Pasture establishment	Green manure crops				Terracing	Contour furrowing, protected summer fallow, etc.		
	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres	Acres
Ohio.....	1,764,050	3,750	36,850	138,000	200	150	97,000	496,500	275,000	1,943,000
Oklahoma.....	478,000	23,640	540,000	1,200	—	500	—	111,929	6,604	1,911,200
Oregon.....	125,883	46,603	79,991	1,550	—	5	—	—	—	372,571
Pennsylvania.....	498,000	—	24,500	280,000	—	600	—	—	—	800,100
Rhode Island.....	370	—	62,700	2,600	—	—	—	—	—	3,570
South Carolina.....	627,500	5,000	—	3,000	—	1,100	31,000	190,900	3,700	733,800
South Dakota.....	856,800	28,600	203,800	149,100	—	1,380	62,800	—	—	1,077,923
Tennessee.....	1,226,100	108,300	1,943,000	—	—	700	287,000	763,600	1,393,000	1,750,800
Texas.....	1,127,000	133,500	—	—	—	150	23	121,239	757	5,647,250
Utah.....	142,554	1,266	891	65,000	400	4	—	—	—	266,734
Vermont.....	46,600	—	—	—	—	150	35,500	—	—	112,150
Virginia.....	525,800	43,100	109,500	272,400	—	400	—	300,000	325	956,700
Washington.....	75,000	50,000	25,000	—	—	—	—	—	—	450,325
West Virginia.....	92,800	17,200	15,200	77,400	—	—	—	—	—	202,600
Wisconsin.....	2,026,238	16,170	12,934	229,691	894	352	—	8	—	2,286,287
Wyoming.....	114,505	4,061	600	—	—	149	—	21,090	—	140,405
Total.....	33,578,157	1,704,198	7,597,729	3,229,251	37,046	22,052	798,103	4,229,277	1,825,805	53,012,618

APPENDIX E. MARKETING PROGRAMS

EXHIBIT 14.—MARKETING PROGRAMS IN EFFECT AS OF DECEMBER 31, 1936

Marketing agreements:

- Dry skim milk industry.
- Topeka, Kans., fluid milk marketing area.
- Peaches, fresh, grown in Colorado.

Marketing agreements and orders:

- Anti-hog-cholera serum.
- Citrus fruits, grown in California and Arizona.
- Citrus fruits, grown in Florida.
- Deciduous tree fruits, grown in California.
- Peas and cauliflower, grown in Colorado.
- Vegetables, grown in western Washington.
- Walnuts, grown in California, Oregon, and Washington.
- Watermelons, grown in Southeastern States.

Marketing agreements and licenses:

- Alcoholic beverages importing industry.¹
- Bees and queens, shippers.¹
- Deciduous tree fruits, grown in California.
- Evaporated milk industry.
- Gum turpentine and gum rosin processors (terminated in part).¹
- Prunes, California dried.
- Tobacco, Connecticut Valley shade grown.¹
- Fresh peas and cauliflower, grown in Colorado.
- Vegetables, grown in western Washington.
- Watermelons, grown in Southeastern States.

Marketing orders:

- Fluid milk, District of Columbia marketing area.
- Fluid milk, Dubuque, Iowa, marketing area.
- Fluid milk, Fall River, Mass., marketing area.
- Fluid milk, Kansas City, Mo., marketing area.
- Fluid milk, St. Louis, Mo., marketing area.

Marketing licenses:

- Fluid milk, Battle Creek, Mich., marketing area.
- Fluid milk, Des Moines, Iowa, marketing area.
- Fluid milk, Denver, Colo., marketing area.
- Fluid milk, Detroit, Mich., marketing area.
- Fluid milk, Fort Wayne, Ind., marketing area.
- Fluid milk, Kalamazoo, Mich., marketing area.
- Fluid milk, Leavenworth, Kans., marketing area.
- Fluid milk, Lincoln, Nebr., marketing area.
- Fluid milk, Louisville, Ky., marketing area.
- Fluid milk, New Bedford, Mass., marketing area.
- Fluid milk, Omaha, Nebr., Council Bluffs, Iowa, marketing area.
- Fluid milk, Quad Cities, marketing area.
- Fluid milk, Richmond, Va., marketing area.
- Fluid milk, San Diego, Calif., marketing area.
- Fluid milk, Sioux City, Iowa, marketing area.
- Fluid milk, Twin Cities, Minn., marketing area.
- Fluid milk, Wichita, Kans., marketing area.

¹ Inoperative but not terminated.

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